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EDITORIAL

As We See It

It is clear enough that Congress—and for that matter, the people of this country—are balking at a good deal of the regulation that the Administration would place upon us all. There is more than a little hesitation about granting many of the extraordinary powers sought by the Administration. There is little less than open revolt among the farmers and throughout the rank and file of the labor unions about price and wage controls. Consumers, of course, are dissatisfied about prices, particularly food prices, but the degree in which recent sales at reduced prices have drawn buyers indicates very substantial buying power in reserve, and "grass roots" demand for more and more stringent controls does not appear to have developed.

We suspect that there is rather more than greets the eye in this struggle that is now going on between the Administration and its cohorts and intellectual cousins on the one hand, and a great many others who hesitate to endow the Washington Government with further power over the lives of us all. It appears to us that a sort of hesitant, fumbling process of reappraisal of our entire present situation, and of what we need to do in the premises, is under way throughout the length and breadth of the land. And it must be said that the American people are not getting a great deal of help from their leaders in the task of thus coming to rational conclusions as to what their future course ought to be.

To be sure, the Administration—and we include all the spokesmen and ventriloquists at the command of the White House, and they seem at times almost to be legion—are shouting from the

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The Market Outlook

By ROBERT S. BYFIELD
Member, New York Stock Exchange

Mr. Byfield, asserting it would be dangerous to assume that "peace would be bearish," says stocks have declined primarily because of credit policies rather than because of possible cessation of shooting war, and there are still factors which point to resumption of bull market.

That the bull market which began in June 1949 would be slowed up or stopped in its tracks was a foregone conclusion when Federal Reserve policy was reversed last winter. Until about mid-February we witnessed a textbook case of credit inflation encompassing an expansion of central bank credit, monetization of Federal debt through Federal Reserve System bond purchases, growth of bank loans, rise in industrial inventories and finally a jump in commodity prices. Unpegging of government bond prices in early March provided dramatic notice that the winds of credit had changed their direction. Meanwhile the tightening of credits through the medium of Regulation X (housing), Regulation W (consumer credit) and the voluntary investment committee has proven effective.

Robert S. Byfield

With or without a Korean cease fire, the bull market would have been jeopardized by the falling bond and preferred stock quotations. About the middle of April U. S. Treasury 2½s of 1966-1971 were 98; they are lower today. New York City 3s of 1980 were 111⅝ then and 107½ now. Nevertheless, stocks rallied this Spring even after due notice from the money managers in Washington that a tightening up process was in motion. This is natural, as a certain momentum in the buying of stocks is always generated in a bull market and is not instantly reversible except in the event of a sudden catastrophe.

Uncertainty is always a breeder of gloom in investment circles and the turn of events in Korea in recent weeks has been no exception. It would, in my opinion, be dangerous to assume that "peace is bearish." We don't know whether peace in its accustomed sense will result from

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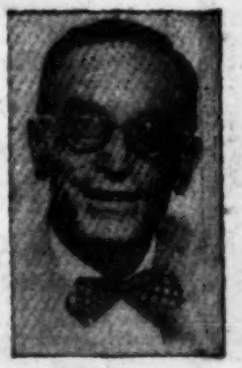
Spain Highlights Difficulties In U.S. Foreign Aid Policies

By A. WILFRED MAY

Mr. May cites Spaniards' resentments against inconsistencies and discriminations in Western Powers' economic and military aid policies. Urges we pursue realistic course for self-preservation; that "For Duration" of Cold War Crisis we waive usual economic, financial, political and ideological considerations, and extend our help to Spanish Government, as anti-Soviet asset, with minimum of conditions and delay.

MADRID, Spain—Despatches appearing here reveal that the Washington Administration has asked the Congress for $2,200,000,000 more in economic aid and $6,300,000,000 in military help for "free" nations throughout the world. These further huge sums, following the Marshall Aid already extended to other countries, are contrasted with the long-continued withholding of grants from Spain and with the delays and conditions surrounding the Export-Import Bank's establishment of credits under the $62 million of loans authorized.



A. Wilfred May

More specifically, it is being said that Italy, which has been rewarded with 1⅓ billions of ECA funds (93% in grants) after a billion dollars of UNRRA largesse, is a nation that "fought America and killed her soldiers during the last war"; that France, which has received 2⅓ billions of Marshall funds (almost 90% of it via grants), "folded behind the Maginot Line without a fight, and has been blackmailing the U. S. for anti-Communist bribery; and that England, the recipient of 3 billions (90% in grants), has taken a full year after the Korea outbreak before agreeing to desist from shipping goods to our common enemy, Red China.

To a country whose anti-Communism has never wavered, it understandably can seem that continued generosity toward nations where the Communist vote remains

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PICTURES IN THIS ISSUE—On pages 14 and 15 are pictures taken at Annual Outing of the Security Traders Association of Detroit and Michigan, and on page 16 we present pictures taken at the Spring Party of the Security Traders Association of Los Angeles.

The Security I Like Best

A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.

(The articles contained in this forum are not intended to be, nor are they to be regarded, as an offer to sell the securities discussed.)

This Week's Forum Participants and Their Selections

Reitman's (Canada) Limited — Washington Dodge, Partner, Roberts & Co., New York City. (Page 2)

Reeves Soundcraft Corporation — Charles L. Holton, President, Holton, Hull & Co., Los Angeles, Calif. (Page 2)

WASHINGTON DODGE
Partner, Roberts & Co., N. Y. City
Members of N. Y. Stock Exchange

Reitman's (Canada) Limited

Impressed by the dynamic economic possibilities of Canada, investors on this side of the border have always shown a fundamentally receptive attitude towards Canadian securities. Because of this the score or so of good Canadian shares actively traded in the U. S. and sure to keep pace with Canada are for the most part priced accordingly. For this reason, I have tried for some years to find growth situations within Canada —situations wherein the growth of the Dominion would be compounded with the growth of the company, and where general lack of recognition creates a relatively low times-earnings ratio. Such a security is **Reitman's (Canada) Limited.** Calling it my "The Security I Like Best" is a gross misnomer—with the editors' permission let us call it my "small, obscure growth situation."


Washington Dodge

First of all, let it be stated that the investor (speculator) who wants to see a daily quotation should stay away from Reitman's. The shares are listed only on the Montreal Curb Exchange, and to the best of my knowledge have never been quoted in a U. S. paper. On that Exchange, the market is not good—usually only a couple of hundred shares trade a week and sometimes there is just no market.

Reitman's operates a chain of women's wear specialty stores—37 at the end of last year—situated in Eastern Canada. I believe the following table will speak for itself as concerns growth:

	Net After Taxes	Per Share
1950*	$255,768	$4.02
1949	242,637	3.76
1948	205,654	3.10
1947	119,532	1.65
1946	79,723	0.97
1945	56,962	0.60
1944	53,854	0.54
1943	44,745	0.39
1942	33,393	0.29
1941	25,264	0.07

*Fiscal years ending Jan. 31 following year.

The capitalization of the company is extremely compact. There is a small issue of $20 par preferred of which 21,250 shares were sold in 1947, and which has been reduced to 14,400, and 60,000 shares of common. An initial dividend at the annual rate of $1 was established on the common last year. Current ratio was 2:1 at the year-end.

There are negative factors other than the poor market for the stock: the women's specialty wear business can be rough and tumble, and the analyst accustomed to working with U. S. companies may be concerned at the non-availability of some data he has become accustomed to rely upon.

However, at $23, Reitman's is selling at only 5.7 times last year's earnings. The management has been able to produce good results and continues expansion minded. I have been recommending the stock to people who want a special situation in Canada, apart from the myriad oil and gold shares, and apart from the large industrials whereof the shares already reflect a scarcity premium.

CHARLES L. HOLTON
President, Holton, Hull & Co., Los Angeles 14, Calif.

Reeves Soundcraft Corporation

My favorite stock is Reeves Soundcraft Corporation common —a potential growth stock which looks like a sure winner in a war or peace economy. Reeves' business can be divided into six principal activities of which half are of the "bread and butter" variety which should supply a steady and continuing income for a long time to come, with the balance in developments which could bring extraordinary profits.


Charles L. Holton

Reeves' "bread and butter" divisions consist first of its manufacture of transcriptions, or master discs for the radio, television and record industries, in which Reeves is one of the largest producers of high quality recording blanks in the world. When you hear on your radio or television set: "This is a transcription," there is an excellent chance that what follows comes from a Reeves transcription disc. Reeves' wholly-owned subsidiary, Light Metals Corporation in Louisville, Ky., makes its aluminum discs, and also turns out for others aluminum stampings of all sorts, presently in great demand.

Second, is its television tube division in Springdale, Connecticut, purchased from Remington-Rand early in 1950. This division turns out high quality rectangular television tubes, the smallest of which is now 17 inches in diameter — with emphasis on 19 and 21 inch tubes, and at present the largest its equipment can make is a 32 inch tube. To quote from a report of President Hazard Reeves: "In the event that national emergency requirements make it advisable to shift all or part of the plant facilities to products other than Cathode Ray Tubes, the layout of the plant and the experience of the engineers and operating personnel, suggest the following products: (1) Cold Cathode Tubes, (2) Smaller Power Tubes, (3) Magnitrons, (4) Geiger Tubes and (5) Counter and Measuring Tubes."

Reeves' third division is Airdesign, Inc., with its plant in Upper Darby, Pennsylvania. Airdesign is 100% owned by Tele-Video Corporation, which in turn is two-thirds owned by Reeves. Airdesign manufactures transformers for industrial and television use, and included among its many customers are RCA, Philco, Bendix and the Signal Corps. During World World II, Airdesign made in addition to transformers, airborne instruments for barrage balloons and other technical equipment. Its associated company, Tele-Video, has developed a high quality projection television system capable of projecting a clear picture up to 6 by 8 feet in a room with normal illumination and can service up to 250 persons with high quality sound.

Now to come to Reeves' developing projects which could be outstanding. First, with its magnetic tape division, Reeves has developed for the amateur and motion picture industry, magnetic and optical tape that the country's largest testing laboratory recently reported "is the equal in all major characteristics and is superior in some respects to any tape on the market." Because of the extensive experience of the Reeves organization and personnel in all phases of film production, the manufacture of film and tape equipment and in magnetic coatings, Reeves Soundcraft is in a better position to carry on specialized manufacture in the magnetic film stripping field than any other American organization. This business could run into millions.

Second, Reeves has collaborated with Remington-Rand in the manufacture of cameras for color television. Being in on the ground floor, great benefits should come to Reeves when color television hits the market commercially.

Third, and with the greatest possibility of a tremendous profit potential, is Cinerama, 57% owned by Reeves Soundcraft. To tell you what Cinerama is, I will quote from a recent article by the well known columnist, Robert C. Ruark: "Inevitable as Sound." He wrote, in part: "I have just looked at the movies' answer to television, whether or not the movies know it yet. This is a filming, recording and projection process which owns the trade name of Cinerama. Its introduction into the average movie theatre is as inevitable as the adoption of sound after Al Jolson made 'The Jazz Singer' some 20 years ago. One company, Reeves Soundcraft Corporation, controls some 30 patents on the process, and has it locked up as Natalie Kalmus once locked up technicolor. The corporation is content to wait for what eventually will be—must be—a billion dollar business."

Late last year it became known that a group headed by announcer Lowell Thomas, and producer Mike Todd, had contracted to spend in excess of a million dollars to put two films on Broadway this fall, using the Cinerama process, in which pictures Reeves will have a substantial share in the gross. It is expected that two pictures using the Cinerama process will hit Broadway this fall.

Reeves common, with more than a thousand stockholders, is actively traded over-the-counter. Its capitalization is simple, with 2,500,000 common shares authorized and a small, closely held preferred issue of $101,600 outstanding. A 10-year, 5% note of $252,000, sold in the spring of 1950, has been reduced as of June 1, 1951 to less than $12,000 through acceptance by the holders of an exchange offer for stock, and a small remaining $70,000 conver-

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Drugs On the Market

By IRA U. COBLEIGH

Author of "How to Make a Killing in Wall Street and Keep It"

A capsule treatment of the highly therapeutic expansion of certain pharmaceuticals; and the manner in which they have contributed toward the sturdy financial health of their shareholders.

The powerful crescendo motion of the pharmaceutic chemical industry today does considerable violence to the old expression "a drug on the market." That phrase used to mean a real turkey—something you couldn't give away—a dud, a glut. The term obviously does not fit such clamored-for items as penicillin, cortisone and vitamins. So if there still exists such a thing as "a drug on the market," I have news for you—it isn't drugs!

Ira U. Cobleigh

Another thing, in addition to making important contributions to man's health and economic well-being, the manufacture and distribution of ethical drugs has landed a whole batch of new words (many of them quite unpronounceable) in the English dictionary. Just mouth over (I didn't say "define") bacitrain, metamucol, chloromycetin, dexidrene, and, as a clincher, dihydrostreptomycin, and you'll see what I mean. And these are all the words of a profit!

And so, having prepared a suitable stage setting, we now trundle out some of the stars in today's financial drama, the "lab" happy leaders in one of the fastest growing sections of American enterprise—the curative chemical industry.

First, let's talk about American Cyanamid because while primarily it's one of the biggest in the broad chemical industry, its drug section alone, Lederle Laboratories, is bigger than many of the independents. This division attained great prominence by its early and highly successful development of aureomycin. This one product alone is thought to have accounted for around $45,000,000 of Lederle's 1950 sales; perhaps as much of 50% of total sales.

With gross earnings of $322 million in 1950 and expanding daily, current net figures running at an annual rate of around $10 a share (with allowance for higher 1951 taxes) there are a lot of good reasons why American Cyanamid—a chemical and a drug—well justifies a price of around 106 for its 3,575,000 shares of common. Paid $4.62 in 1950 and could be more generous in 1951; could even do a little plain or fancy splitting perhaps. And all the while, earnings and growth are being prodded along by a slick group of laboratory scientists.

Chas. Pfizer & Son, Inc., I touched on last week in connection with its sensationally successful sale of 4% second preferred, but it's important enough to deserve a short retake. Its leading position in the production and sale of penicillin was thought for a while to make it a little vulnerable if new lost-cost techniques for manufacture of this antibiotic were introduced elsewhere; and some felt the market for penicillin itself was getting saturated. Well, improved production methods have appeared, and price has been reduced to only a slight fraction of the original 1943 quotation, but still the market grows. Sales of penicillin in 1949 were about $88,000,000, while estimates for 1951 run as high as $300,000,000.

Terramycin, a Pfizer exclusive, is also roaring along. Its use is indicated in more than 50 infectious diseases, and it's being prescribed for beast as well as man.

Pfizer is one of the authentic leaders in antibiotics, and the $29,000,000 of new capital recently obtained will permit an expansion of significant proportions. With sales rising roughly 1,000% from 1940 to 1950, this outfit exudes good management and the new common around 38 and second preferred around 111, no doubt deserve your inspection.

Abbott Laboratories has, through the years, consistently offered a broad and highly respected line of ethical drugs presented through smart advertising and sales techniques that have kept the name Abbott near the top of the field, and at the tip of the tongue of thousands of doctors. It has not, to date, been a pioneer of any of the new "wonder drugs," its most noteworthy creation being pentathol sodium, which puts you to sleep on the operating table by abaft spinal application, and is kinder to stomach and lung than ether.

Don't be lulled into the notion, however, that Abbott is asleep at the switch. They're not; they've a fine bunch of researchers and it would not be surprising if the next antibiotic to animate the trade bears the Abbott label. The recent movement of Abbott stock into new high ground must have some reason. Meanwhile, it does not appear you can come to any particular grief by being a stockholder. Common around 53 paid $1.85 last year and earnings would suggest a more rewarding dividend this year.

No outline in this field would be complete without a sketch of Merck. This company on 2,410,000 of common outstanding earned $4.46 in 1950 and paid $2; at present price of 85 is selling about 17 times earnings.

Merck has been full of vitamins for years. First to develop Vitamin B^1 in 1934, it grew soundly

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Regular Features

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Wilson Pleads for More Controls

Defense Mobilization Director in nationwide broadcast warns against letdown in war preparation. Says inflation danger is still a menace and cites increased costs of defense materials. Defends rollbacks and complains of pressure groups.

In a nationwide broadcast on July 9, Charles E. Wilson, Director of Defense Mobilization, pleaded for a continuation and intensification of economic controls, and warned against any letdown in defense preparations.

The text of the address follows:

July, 1951, will be a month of tremendous decision for the people of the United States. History will record whether we decide wisely or otherwise to fulfill our destiny as the major bulwark of freedom in the world. Across that world the black shadow of communism is eclipsing the light of liberty and freedom to a terrifying degree.

Charles E. Wilson

Already Communist masters dominate the lives of 800 million people—already a great majority of these people have been reduced to a state of serfdom. Untold millions of them are used as slaves to produce the vast array of military weapons to supply the armies created by the Kremlin for world conquest.

America and the remaining free nations were slow in becoming alive to this terrible menace.

The attack by Communist forces on the Republic of Korea gave the free nations solemn warning of the damnable purposes of the Communist masters.

The United Nations sprang to the defense of the Republic of Korea and in spite of the frenzied efforts of the Communists—including the onslaught of hordes of Red Chinese troops—supplied with Russian arms and other assistance—the United Nations defenders of freedom soundly defeated the Communists.

Now the Communist warlords suggest a truce in Korea. Why? Is it because they see the error of their evil ways? Is it because they are at long last willing to forsake their ambition to overcome the free nations?

No — rather because it serves their purpose to call off the fighting in Korea before the Red armies there are completely annihilated and the victorious United Nations armies force them to withdraw from all of Korea.

If the Reds have changed their plans of world conquest, the invitation to consider a Korean truce would have been in much broader terms — terms which would contemplate consideration of a world peace plan—a plan to permit freedom to reign again in the subjugated nations.

Why did the Russian representative to the United Nations—Jacob Malik—make his cease-fire proposal just one week before the Defense Production Act was due to expire? Why did he make it at the very time pressure groups were urging Congress to weaken the act? Why did he throw in his olive branch at the moment when the enemies of the act were trying to hamstring the activities of price officials?

For months cease-fire proposals had been made by the United Nations and could have been accepted at any time. Why was it that the voice of the Soviets was silent until just seven days before the vote on the Defense Production Act?

Warns Against Lull Into False Security

No matter what the outcome of the present negotiations in Korea—and I pray fervently that they may lead to a quick truce and ultimately to peace and freedom for the sorely wounded Republic of Korea—let us not be lulled into a false sense of security for our beloved country.

If we can reach a truce that ends the Communist aggression in Korea we will have won a great victory, but it will not be the final victory over aggression. Our position will be infinitely stronger than it was before Korea, but still we will not be safe.

Surely Americans don't need to be reminded of the tragedy of our unpreparedness in past crises. Then, by God's grace, we had time to catch up, time bought by our allies' efforts to contain the enemy until we could get ready.

But next time, if there is another world war, it will be different. The enemy can strike at us directly, immediately, and with devastating effect. We have to be ready to protect ourselves right from the beginning.

If world diplomacy can contrive to contain the enemy in time, so much the better. But you cannot win diplomatic victories against an enemy of this kind unless our dipomats are backed up by strength.

We cannot place our faith and safety in the hope of diplomatic victories alone.

Rather we had better pursue our plans to build America's might—the might of the free nations—and implement the strength of their diplomats—so they may proceed from a position of great military strength to work out what we all so fervently want—world peace.

Here at home, July will be a month of profoundly important domestic decisions affecting our country's future.

I am shocked to learn that, even before a truce has been arranged in the Korean war, there is a movement in some quarters to wreck the country's defense program.

There is talk of slashing the foreign aid program, of cutting the tax bill, of depriving the Defense Department of funds it needs for armament, in addition to weakening the inflation controls.

There is even talk of cutting back the strength of our armed forces to three million men or less, or to a figure far below the minimum considered safe by the Joint Chiefs of Staff.

I am confident that Congress will not follow so dangerous a course.

If we are to carry out our present plans to build up our might in the next few years—at a cost of some 50 billions a year—it is imperative that we do so without wrecking our economy—by permitting wholesale inflation to overwhelm us.

Says Inflation Is Still Present

If inflation gains on us during this period, Stalin will have won a tremendous victory—as he has planned—without firing a shot. Like other countries the Communists have taken over—when those nations were broke—we would be easier prey if we had squandered our economic strength through the process of inflation and the ultimate destruction of the value of the dollar. The only way the Russians can beat us is to encourage us to beat ourselves.

I am not a politician. I left the comparative peace and quiet of private life last December when the President declared the existence of a national emergency. That meant to me that the country I love was in danger. At the request of the President I took over the job of Director of Defense Mobilization because I thought it was my duty to do so, and certainly not to gratify any personal ambition.

All my life I have believed in the doctrine of free enterprise, and that means that I am opposed to a controlled economy. But the principles of a free economy were designed for times of peace. It has always been necessary in times of war, with its unnatural interferences in the exchange of goods, to resort to governmental control. That's why I am compelled to favor a strong defense production act.

This, I repeat, is a month of great decision in America.

Last year Congress passed a strong Defense Production Act. Under it, a nation-wide organization has been set up to stabilize prices and wages. That organization—known as the economic stabilization agency—is functioning effectively.

The law expired June 30. Congress was unable to agree in time on a new law to take its place. So it extended the old law for a month until a new one can be passed by both houses. Unfortunately, Congress added amendments which cripple economic stabilization and the new bill, as it has passed the Senate, would cripple it still further.

This could mean price boosts of from 5 to 7% in the next year. It could mean an increase of from $12 to $14 billion in the already high cost of living. It could mean an increase in the expenses of the average family of approximately a dollar a day. The stage would be set for the disaster of runaway inflation.

I should like to ask the housewives of America who are listening to me tonight to make a simple but effective test of the action Congress is considering. If Congress passes disabling legislation—and I mean just that, disabling legislation—preventing us from rolling back and otherwise controling prices, I ask you housewives to join with me and my wife in a very practical project.

I ask you to take a pencil and a piece of paper and jot down the prices of all the household necessities you buy during the course of a week. Look at the advertisements in the newspapers and put down the price of other articles that you have to buy from time to time. Then put the paper carefully away in a drawer.

One year from now take out the paper and compare it with the prices you will then be called upon to pay in the grocery, the meat market and the clothing store. If you do so, I am convinced that you will be in for a very unpleasant shock—you will be using red ink when you figure out your household accounts—unless Congress in this fateful month passes a strong law against inflation.

Let us all get our pads and pencils ready.

In extending the Defense Production Act for 31 days, Congress forbade further rollbacks in beef and in the wide area of manufactured items, including men's and women's clothing and shoes, woolen yarns and fabrics, cotton textiles, farm machinery and every other item—regardless of whether their prices are too high. This prohibition against rollbacks will take billions of dollars from the pockets of the American buying public.

The Rollbacks

What is the story of beef? Since January, 1950, cattle prices have increased more than 50%. Cattle are now selling at more than 150% of parity—that level which farmers themselves regard as fair. In the same period—that is, since January, 1950—prices paid by farmers have risen less than 13%. Wages of manufacturing workers have risen less than 11%. Food prices in general have risen less than 16%.

It does not take a mathematical wizard to come to the conclusion that cattle prices are far out of line with other prices. That is why price officials ordered the rollbacks. And even if all three rollbacks should go into effect, cattle would still be selling at 125% of parity. And again I say that parity is a standard of fairness recognized by the farmers themselves.

It is estimated that the rollbacks on beef would save consumers $700 million a year, but this savings will be lost unless Congress permits the rollbacks to go into effect.

I have said I am not a politician. I do not know the political complications in the halls of Congress. But I do know what meat, grocery and clothing bills are. I do know how important it is to balance the family budget.

I am sure many of you remember the famous ledger written down by Charles Dickens in his novel, "David Copperfield." It goes something like this:

"Annual income, 20 pounds, annual expenditure 19 pounds 19 shillings and six pence. Result: happiness.

"Annual income, 20 pounds, annual expenditure 20 pounds and 6 pence. Result: misery."

Many people in America have already learned that difference between happiness and misery. Surely, it is appreciated by the millions who are living on fixed incomes like pensions and insurance annuities. And it is appreciated by many others whose wages and salaries have not kept pace with rising costs.

If inflation is not stopped, the whole country will know the meaning of Charles Dickens' ledger.

In the debate in Congress over the Defense Production Act, the charge has been made that the government waited too long to use the powers granted under that act when it was passed last year.

I have this comment to make that, after the act was passed on Sept. 8, the panic buying tapered off with our victories over the North Koreans. In November, the Chinese Communists unexpectedly entered the war and the panic buying resumed. So it was not entirely clear until then that controls were needed. The next month the President issued his Proclamation of National Emergency, and the following month prices were frozen.

Wants Stronger Controls Now

In any event, it is absurd to use the charge of delay as an argument now that stronger controls should not be voted now—or that present controls should be weakened. Our big problem now is not what we did in the past, but what we are going to do in the future.

The wiset man in the world is the Monday morning quarterback. He can tell you how every mistake in last Saturday's game could have been avoided. But he is not quite so smart about next Saturday's game—and it is next Saturday's game that we must consider now.

The general freeze of last January was necessarily an arbitrary action which created a good many inequities and injustices. It favored merchants and manufacturers who had boosted prices to high levels and it penalized those who had not—and particularly those who had responded to the government's appeal for voluntary price restraint.

Ever since last January the price officials have been trying to iron out the kinks in the general freeze order and to establish price levels fair and just to all. That is why rollbacks had been ordered in beef and other commodities whose prices had soared to unreasonable levels.

If these rollbacks are barred by Congress, the country faces another general rise in prices. If rollbacks are forbidden, it will be necessary for price officials to grant further increases for those

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The State of Trade and Industry

Steel Production
Electric Output
Carloadings
Retail Trade
Commodity Price Index
Food Price Index
Auto Production
Business Failures

Total industrial production in the United States the past week showed little change from that of the prior week, but was slightly above the level for the like period in 1950.

While initial claims for unemployment insurance for the latest recorded week dropped substantially from the unusually high level of the previous week, the number of continued claims reflected somewhat of a rise.

In the textile industry, dealers considered the holiday-week a lost one with no new business, notwithstanding some price-cutting. Mills were closed for vacations and the industry expects that unless some new ordering occurs quickly, the shut-down will be extended. A rayon goods official forecast four to five months of "serious, 50% production curtailment" for rayon weavers and finishers.

Korean peace negotiations are injecting a slight note of uncertainty in the steel and metalworking industries, now producing at a record pace, says "Steel," the weekly magazine of metalworking, the current week. Metalworking executives agree with Washington that the armament program must be pushed ahead as projected—truce or no truce. The defense program combined with a heavy capital expenditures program will maintain an active economy. At the same time industry men believe that a cease-fire agreement would result in a psychological letdown by the public and may take the pressure off demand for hard civilian goods, this trade publication adds. Some retailers report that demand for new autos and domestic appliances has slackened and ascribe the dip to the truce negotiations. Gray market steel prices have eased as result of the peace conversations, it continues.

Few metalworking people expect the materials supply to become much freer should a cease-fire agreement be reached. Steel, copper and aluminum still are expected to be tight through the remainder of this year. Steel consumers have been converting their DO-rated orders to the Controlled Materials Plan and by weekend most of them were over the hump, say "Steel." With July 7 the official deadline, last week witnessed a deluge of tonnage placed for September, the last month of the quarter still open for scheduling of carbon grades, this magazine notes. Most of this came from the larger consumers who did not receive their allotments as quickly as the smaller consumers, primarily because the larger users' applications are more difficult to process. A number of allocations have been set up for fourth quarter, when CMP becomes fully effective.

Unrated consumers, this trade paper declares, see a tighter squeeze in September after schedules are established by the mills later this week on products requiring a 45-day lead time. On products in tightest supply—plates, shapes, bars and hot-rolled sheets—substantial arrearages will be carried over at the end of August.

Automotive production the past week reached the lowest weekly total since December, 1949, except for the week ended Jan. 6 this year, and compares with 128,056 in the like week of last year, states "Ward's Automotive Reports," a trade authority of the auto industry.

In addition to all producers being down Wednesday for the July 4 holiday, Nash was closed for its annual two-week vacation period, Studebaker suspended car assemblies for the entire week. Willys-Overland was stopped by a supplier strike and Hudson's production was again held down by its labor dispute, this agency notes.

Also contributing to the low production total for the week were the suspension of Lincoln and Ford truck output in Detroit Monday and Tuesday, the suspension of Reo's truck assemblies because of a supplier strike and loss of production by Chrysler Monday because of labor trouble, "Ward's" said.

Prospects for an improved volume next week result from the scheduled resumption of Studebaker's passenger car assemblies, the agency pointed out. Total car production for July now appears likely to be down about 14% from June, it added.

The government announced last Friday that spare tires again would be permitted as original equipment on new cars. Tire manufacturers stated they had not expected the action before the final quarter of the year.

Comments by industry on lifting the ban point out that such action gives them a talking point in seeking larger allocations of rubber.

A reduction in shoe prices ranging up to 9% was put into effect by several leading producers. Poor sales in recent months were the chief factor in the reductions, shoe industry officials said. Brown Co. of St. Louis, one of the nation's largest shoe manufacturers, trimmed its wholesale prices by 35 cents to 55 cents a pair. At retail, the price cuts will amount to $1 a pair on shoes now selling for $8.95 to $15.95. Price reductions have also been effected by Florsheim Shoe Co. of Chicago, Freeman Shoe Corp. of Beloit, Wis., and U. S. Shoe Corp. of Cincinnati.

The oil industry, according to the American Petroleum Institute, will spend $3,000,000,000 this year for new construction, and another $1,000,000,000 for replacement to meet an expected 8% to 10% rise in civilian and military demand. It also noted that a large part of the spending will go for new refinery capacity. It would boost the present 6,958,000 barrels a day output, now only 600,000 barrels above current needs, to more than 7,061,350 barrels daily by the year-end.

New stock company formations throughout the United States during May totaled 7,544, Dun & Bradstreet, Inc., reports. This was only slightly less than the 7,653 recorded in April, and 7,649 in March, but it was 18.1% below the 9,216 new businesses char-

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The Security I Like Best

tible issue is expected to be fully converted this year. When this is all completed, approximately 2,-500,000 authorized shares will be outstanding. Management and directors are heavy holders of the common.

The entire pattern of Reeves Soundcraft Corporation is an expanding one. The company is making great strides and has just recently acquired the Bergen Wire Rope Company. This company manufactures all types of specialty wires, wire cables, wire ropes for towing purposes and for use on all types of construction jobs. This wholly-owned subsidiary, showed earnings for the first quarter ending March 31, 1951, of $43,000 net after *all* taxes.

The gross business of Reeves Soundcraft is running in excess of $400,000 per month, or an annual rate of $4,600,000. These subsidiaries alone are earning at the rate of approximately $250,000 net for 1951, and the net for Reeves Soundcraft and its subsidiaries should run somewhere in the neighborhood of from $400,-000 to $450,000.

This common stock, selling at approximately $2 per share appears to have a great deal of attraction as a long-term radical speculation and for capital gains.

FIC Banks Place Debs.

A successful offering of two issues of debentures of the Federal Intermediate Credit Banks was made on June 20 by M. G. Newcomb, New York fiscal agent for the banks. The financing, totaling $88,205,000, consisted of $24,-940,000 2.10% consolidated debentures due Oct. 1, 1951 and $63,-265,000 2.35% consolidated debentures due April 1, 1952. Both issues were dated July 2, 1951 and were placed at par.

Of the proceeds, $48,160,000 was used to retire a like amount of debentures maturing July 2, 1951 and $40,045,000 was new money.

As of the close of business July 2, 1951, the total amount of debentures outstanding amounted to $782,615,000.

Joins Thomson, McKinnon

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Edith M. Brown has joined the staff of Thomson & McKinnon, 231 South La Salle Street. Miss Brown was previously with Reynolds & Co. and Mason, Moran & Co.

Joins Lee Higginson

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Bertram V. Fletcher is with Lee Higginson Corporation, 231 South La Salle Street.

Business Man's Bookshelf

Report on Internal Financial Stability—Organization for European Economic Cooperation—Columbia University Press, 2960 Broadway, New York 27, N. Y.

Timing Factor — Explanatory folder on stock timing, with free samples of complete service — $1.00—Dept. B, Analyst Institute, 126 Lexington Avenue, New York 16, N. Y.

The Utility Outlook

By ERIC ETHERINGTON
Calvin Bullock, New York City

Maintaining stocks of most electric and gas companies are selling near historic low basis and now offer attractive yields, Mr. Etherington points out, with a reasonable degree of price stability, utility industry can reduce unit costs with growth and improved technology. Says utility equities should appeal to trustees of pension funds and other institutional investors.

Although public utility stocks have been out of favor marketwise for over a year, there is some recent evidence of renewed interest. Utilities are required by regulation to make full disclosure of information so that pertinent factual data are available to the scrutinizing investor. Under such circumstances it is surprising that the prices of utility common stocks have reflected so much disfavor. The explanation is to be found in certain misconceptions concerning a number of important economic factors affecting the outlook for the industry.


Eric Etherington

The degree to which utility equities have lost ground to the more volatile industrials is indicated in Table I.

The record indicates that stocks of most electric and gas companies are selling near an historic low basis and offer yields that appear attractive in relation to their recognized investment quality. An attempt to judge the near- or medium-term outlook requires careful analysis involving comparison of both favorable and adverse factors. There may have been considerable overemphasis on the unfavorable impact of the excess profits tax, inflation, higher retroactive normal and surtax rates, problems of regulation, competition from public power, rising interest rates and other matters. Too little emphasis may have been placed on the fact that the utility industry is dynamic in its growth and appears to have ability to surmount adversity to a degree that has been substantially underestimated.

The Factor of Management

A factor of great importance that is frequently overlooked is management. One needs only to look at the record to realize the success of management in overcoming difficulties. Taxes on property, income, and output now take around 20 cents of every dollar of revenue from electric utilities. This is well beyond the contribution by many other industries. Electric utilities are now paying and assuming a Federal excise tax of 33⅓% on all sales other than to manufacturers. Higher wage rates and fuel costs as well as rising prices of materials and equipment have added to operating expense, yet the cost of electricity is probably the only important element in the cost of living that has gone down. As measured by the Bureau of Labor Statistics index, the cost of living increased by over 71% in the decade from 1940 to 1950, whereas the index of the cost of residential electricity decreased by around 7% during the same period.

In spite of these problems the industry has served both the public and its stockholders well. Indicative of this, the Federal Power Commission reported for the larger privately-owned electric utilities net income of $229,-442,000 for the first quarter of 1951. This represents a small gain over the $228,649,000 reported in the first quarter of 1950, despite the fact that first quarter earnings were taxed at 47% compared with 38% last year. This amounts to an increase of 23.8% in the tax rate. These remarkable results attained in the face of higher costs and taxes belie the earlier dire predictions for the industry.

Never before have management and the regulatory commissions worked in such close harmony as they did last fall to insure enactment of an equitable excess profits tax bill. Some very practical results have come from experience in this cooperative endeavor. Political expediency is being replaced by closer adherence to financial and operating realities. It is becoming recognized by those who follow the industry closely that large strides have been taken toward more enlightened regulation, particularly at the state level. The courts have also handed down some very constructive decisions. This has come

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TABLE I
Utility Average Relative to Industrial Average

	March 1950	December 1950	March 1951	May 2, 1951	June 11 1951
Dow-Jones Utilities: Average Closing Price	43.17	39.89	43.04	42.50	42.56
Dow-Jones Industrials: Average Closing Price	206.22	228.87	248.78	261.27	251.56
Utility Average as % of Industrial Average	20.9%	17.4%	17.3%	16.3%	16.9%

From Washington Ahead of the News

By CARLISLE BARGERON

Former Senator Burton K. Wheeler of Montana, one of the country's earlier "Liberals," when those of us now living first began to hear of them, an outstanding and influential Senator of the 20's and early 30's, but whose political career was clipped by such advanced "Liberals" as the CIO and certain New York racial internationalists, made the statement in a law suit out in the Middle West recently that the Republicans would never again come into control of the government. It was not a flippant statement but pertinent to the legal issue at hand.


Carlisle Bargeron

There are few people who can more coldly and ably analyze the political currents. He swam in them for a long, long time. So, I have spent considerable time talking to authorities on politics about his statement, among them Republicans, and I have found darned few who are definitely prepared to take issue with him.

You would certainly think that the American people would be fed up with wars and crises, with controls, with high taxes, with steadily increasing Bureaucracy, socialism and whatnot. But you go out and talk with political realists, students of the forces moving in our midst, and you develop doubts, at least on the question of whether the people are enough fed up to vote for an overturn in government. You wonder if the people haven't become more punch drunk than angry.

The Administration is just as confident as it can be that with "peace" in Korea everything will be forgiven and that, indeed, it will be accepted as the "peace" party whereas the Republicans and MacArthur wanted to "extend the war." It is the sheerest bunk but there is no mistaking the Administration's confidence in the voters' verdict.

What makes the situation more difficult for the Republicans, though, in my opinion, is the determination of the influential internationalist group to have their own way in international affairs even at the expense of socialism in this country. For a good 10 years they have spent their energy and money against New Dealism or Fair Dealism in this country but they have insisted upon supporting Roosevelt and Truman because of their "foreign policies," either Roosevelt or Truman or someone with similar "foreign policies," and in at least two instances, Willkie in 1940 and Dewey in 1944, I am satisfied they had very little hope that either could win, but notwithstanding all their declaiming about the country going to socialistic ruin, they were not willing to forego the "foreign policies" so dear to them.

One after another of this group has come into the Washington government, so much so that it was quite logical for Roosevelt to taunt the Republicans with the contention that Republicans were running the government about which the Republicans were complaining. The same contention can now be made by Truman. These men, the Charlie Wilsons, the Averill Harrimans, the Eric Johnstons, the Lovetts, the countless Wall Street boys, come down here and run or think they run, the war efforts, the crisis efforts, and never lift a voice against the "encroaching socialism" being foisted upon the country by their CIO and left-wing associates. You never heard any of them complain against the Communists with whom they worked shoulder to shoulder in World War II, and apparently at least one, the late Jimmy Forrestal, was quite sensitive to what the Communists were doing. No, seemingly it wouldn't be according to Hoyle for them to "meddle" in the Administration's conduct of "domestic" affairs. They keep in their place. Presumably it would be poor grace for them to do otherwise, and besides Truman would send them home.

As one industrialist currently on the Washington scene explained to a friend who recently asked him why he was permitting himself to be made a front for some of Truman's pet schemes: "I've got to do it to stay down here and you admit that it is important to industry that I stay here, don't you?"

The friend replied that he wasn't so sure.

This same internationalist group is determined to split the Republican party in 1952, which is just what the name of Eisenhower is likely to do. Should he get the nomination I am convinced that he would, and he and the Republicans would suffer the same defeat as they and Willkie did in 1940. A lot of hopes would be aroused, Eisenhower would get a lot of "independent" votes, whatever they are, the campaign would be quite colorful, but the hard core of the Democratic party—labor and the big city bosses—would hold intact, and the Republican professionals, the party mechanicians, together with the predominant "isolationism" of the Republicans, would scuttle him like nobody's business. The General doesn't seem to realize that so much of his support comes from "liberals" who would not in the final analysis support him but who consider that his election would not mean so much of an overturn or a loss of their influence, as would, say, the election of Taft.

But these "liberals," of the intellectual type, do not even now have their buddies, the labor leaders, joining them in the Eisenhower ballyhoo. Because, if the General's unofficial managers are to be believed, he has a very unusual platform. He is, so they are saying, a Democrat in foreign affairs, a Republican in domestic affairs. Inasmuch as they are so closely intertwined, this must mean that he is against "socialized" medicine, the Brannan Plan and he would put labor "in its place." But one must admit that he is a set-up for the Republican internationalists whose views appear to be about the same. However, it just can't work out that way.

Continued from first page

The Market Outlook

a cease fire. If the writings of Lenin, Stalin and their associates mean anything, international Communism is always at war with capitalistic countries. There will be no rash of defense contract cancellations; the rearmament program will roll on and will not reach its peak for another year or 15 months. Capital goods expansion must continue at a high rate during this process, thereby guaranteeing high levels of employment, wages and disposable income for that period. It may be argued that quotations for speculative stocks are looking beyond late summer of 1952 when Government arms spending may peak out or even begin to taper off as a whole. This could be, but if our sense of timing proves accurate, the election of 1952 will not then be far off. Perhaps Government bonds will be lower than they are today, having carried down other high grade fixed interest and dividend paying securities with them. At these lower levels, if they then exist, the credit policies could be reversed once more. A move of this kind was made early in 1950 when housing credit was liberalized. Undoubtedly there will be plenty of white rabbits which can be pulled out of hats in the event that "deflation" in measurable degree is in being.

The important conclusion for security owners just now seems to be that quotations have declined primarily because of changed credit policies rather than because of a possible cessation of the shooting war. Short-term traders who liquidated holdings at higher prices have undoubtedly been wise, if they sold the right issues, yet most holders of common stocks for the long pull need not regret retention of their securities. The inflationary background of our economy does not seem to have altered fundamentally, although falling commodity prices and rising inventories have temporarily obscured it. Washington is still more afraid of deflation than gradual inflation, despite current shrill exclamations of alarm, dismay and admonition. Already there is talk of relaxing credit controls. Wage escalator clauses are steadily lifting the costs of producing goods and services and could boost the price level 2% to 5% per annum. The farm bloc has demonstrated greater political strength than ever; it brooks no interference with its desires and has made a profitable alliance with respect to price supports with the CIO. There will be great difficulty in cutting down Government spending on non-defense account if it can be done at all. And then, of course, the Treasury will soon be operating in the red again instead of showing a surplus as it did in fiscal 1951.

There are collateral inflationary and anti-deflationary factors steadily at work in addition to the primary one of governmental policy. Our population is growing far more rapidly than the experts believed would be possible and should reach 155,000,000 by the end of the year.

True, our production has increased even more rapidly but there are reasons why we should not be alarmed at this growth on an overall basis. Take farm products, for example. Our 26% increase in population since 1929 has removed any fear of the gluts that harassed us in the 1930's. During World War II we boosted food production 40% over the 1935-1939 average, but we have not gained much since 1944 and in the meantime there are 13,000,000 additional mouths to feed. Three billion bushels of corn were considered to be a bumper crop not many years ago; now at least this quantity is considered necessary to provide us with needed amounts of meat and dairy products. We really need $3\frac{1}{2}$ billion bushels to be comfortable. Probably if we wish to increase the yield above this amount it could be done only by reducing the planting of other crops. Agricultural supply and demand is much more delicately balanced than it has been in many, many years. If we had a drought like we had in 1947 we might actually face some difficulties. The tightness of the beef situation is to some extent the result of the bad corn crop of 1947 and the fact that our human population has been increasing much faster than our beef cattle.

There is a rough analogy between the demand-supply situation with regard to domestic foodstuffs and the supply of nonferrous metals throughout the world. Surveys conducted in Britain have resulted in announcements by two Cabinet Ministers predicting world-wide shortages in commodities such as lead, zinc and copper. Apparently this scarcity is not due only to rearmament demand in various countries, but to a rising standard of living in Europe and other parts of the world. To all of this may be added additional demands for non-ferrous metals by under-developed countries likely to benefit from Point 4 activities and the Colombo Plan.

The short-term outlook for stocks may not be bright if peace psychology continues in its present state, but if our views are correct with respect to the long-term inflationary influences at work there may be a reversal of the downward movement in the not too distant future.

George Appleton

George M. Appleton passed away of a heart attack at the age of 52. He was associated with G. A. Saxton & Co., New York City.

Alaska—Land of Opportunity

By CURTIS ter KUILE*

In commenting on proposal to admit Alaska to statehood, author presents data to support view resources of this territory are enormous. Says it is land of promise and furnishes opportunities for profitable investment.

On Jan. 8, 1951 there was introduced in the first session of the 82nd Congress a bill designated as S.50—"To provide for the admission of Alaska into the Union." This is the latest of numerous bills which have been dedicated to that purpose, the first being in the 64th Congress in 1916.

Curtis ter Kuile

In considering Aaska it should be borne in mind that the United States purchased Alaska from Russia in 1867 for the sum of $7,200,000 in gold and that today our government owns 98% of its 375,296,000 acres of land and inland waters. Consequently statehood for Alaska will entail an enormous redistribution of land. The provisons of S.50 include the grant to the new State of 45,400,000 acres of forest and other public land, the sale or income from which will be available for the support of institutions, schools and the University of Alaska. Moreover the bill stipulates that the State receive 12½% of revenues from national forests, 50% of net proceeds derived from sale of seal and sea-otter skins, and 5% of the proceeds of net sales of remaining government land sold subsequently to statehood. Also the State is to receive the proceeds of any oil royalties, not otherwise appropriated by Congress, to be used to retire public debt.

Section 3, Third, of S.50 provides; "That the debts and liabilities of said Territory of Alaska shall be assumed and paid by said State ***." (Similar to provision of sec. 2, Third, of New Mexico: sec. 20, Third, of Arizona; sec. 4, Third, of North Dakota, South Dakota, Montana, and Washington.)

Alaska is so large that almost any kind of climate and topography ca1 be found, but the popular conception of Alaska as a land of snow and ice is incorrect. There are more frozen rivers and harbors in the United States than there are from the Aleutians to the southern tip of the Alaska Panhandle. This is due largely to the influence of the Japanese current. The January mean temperature of 20° above zero in Anchorage compares to that of Concord, N. H. The January mean of 33.6° at Ketchikan is about the same as New York. Ketchikan's record low of 8° below zero approximates the record low for Washington, D. C. and is considerably warmer than the record cold in such cities as Chicago and Boston. Ketchikan's all-time high is 96°; Juneau, 89°; and Fairbanks, 99°. Alaska has long hours of summer daylight and, conversely, the short winter days.

The population of Alaska in 1950 was 128,643 (of which 33,000 were

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*The writer, who is connected with Hallgarten & Co., New York City, is a graduate mechanical engineer, Cornell University. He has been engaged in engineering and the investment business for many years and is a member of the Cornell Engineering Society and the New York Society of Security Analysts.

Dealer-Broker Investment Recommendations and Literature

It is understood that the firms mentioned will be pleased to send interested parties the following literature:

Graphic Stocks—January issue contains large, clear reproductions of 1,001 charts complete with dividend records for the full year of 1950, showing monthly highs, lows, earnings, capitalizations, volume on virtually every active stock on the New York Stock and Curb Exchanges—single copy $10.00; yearly (6 revised issues) $50.00—special offer of three editions of Graphic Stocks, 1924 through 1935; 1936 through 1947 and up-to-date current edition, all for $25.00—F. W. Stephens, 15 William Street, New York 5, N. Y.

Guaranteed Railroad Stocks—Analysis in current issue of "Railroad and other Quotations"—B. W. Pizzini & Co., Inc., 25 Broad Street, New York 4, N. Y.

"Information Please!"—Brochure explaining about put-and-call options—Thomas, Haab & Botts, 50 Broadway, New York 4, New York.

Japanese Cement Companies—Review in current issue of "Investors Beacon"—Nomura Securities Co., Ltd., Tokyo, Japan.

New Housing Authority Bonds—Supplement to "Local Housing Authority Bonds and Notes"—C. J. Devine & Co., 48 Wall Street, New York 5, N. Y.

New York Bank Earnings—Preliminary figures for first half of 1951—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

New York City Bank Stocks—Special Report—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Oil Situation—Appraisal—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also available is a brief article on the **Utilities**, a list of **Potentialities in Railroad Income Bonds** and two lists of stocks which are candidates for **"Dollar Averaging."**

Over-the-Counter Index—Booklet showing an up-to-date comparison between the 30 listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over an 11-year period—National Quotation Bureau, Inc., 46 Front Street, New York 4, New York.

Puts & Calls—Booklet—Filer, Schmidt & Co., 30 Pine Street, New York 5, N. Y.

Selected Stocks With International Interests—Bulletin—A. M. Kidder & Co., 1 Wall Street, New York 5, N. Y.

Timing Factor—Explanatory folder on stock timing with free samples of complete service—$1.00—Dept. B, Analyst Institute, 126 Lexington Avenue, New York 16, N. Y.

Value Selections for July—Circular—Newburger & Co., 1342 Walnut Street, Philadelphia 7, Pa.

* * *

Aerovox Corp.—Analysis—Raymond & Co., 148 State Street, Boston 9, Massachusetts.

Allied Chemical & Dye Corporation—Analysis—Hornblower & Weeks, 40 Wall Street, New York 5, N. Y.

American Barge Line Company—Bulletin—Walston, Hoffman & Goodwin, 265 Montgomery Street, San Farncisco 4, Calif. Also available is an analysis of **International Cellucotton Products Co.** and a special report on **Bank of America.**

American Power & Light Company—Analysis—Sutro Bros. & Co., 120 Broadway, New York 5, N. Y. Also available is a memorandum on **Sunray Oil Corp.**, and on **General Precision Equipment Corp.**

Anderson, Clayton & Co., Inc.—Analytical brochure—Morgan Stanley & Co., 2 Wall Street, New York 5, N. Y.

Associated Transport, Inc.—Analysis—Cohu & Co., 1 Wall Street, New York 5, N. Y. Also available is a memorandum on **Jessop Steel Co.**

Audio Devices, Inc.—Analysis—Peter Morgan & Co., 31 Nassau Street, New York 5, N. Y.

Delta Air Lines—Report—Joseph Mayr & Company, 50 Broad Street, New York 4, N. Y. Also available is a report on **Drewry's Limited.**

Durez Plastics & Chemicals, Inc.—Memorandum—Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y.

Eastman Kodak Co.—Memorandum—Shaskan & Co., 40 Exchange Place, New York 5, N. Y. Also available are memoranda on **North American Aviation, A. O. Smith Co.,** and **Youngstown Sheet & Tube Co.**

Gabriel Corporation—Bulletin—H. E. Herrman & Cohen, 14 Wall Street, New York 5, N. Y.

W. R. Grace & Co.—Bulletin—Remer, Mitchell & Reitzel, Inc., 208 South La Salle Street, Chicago 4, Ill.

Hoving Corp.—Circular—J. F. Reilly & Co., Inc., 61 Broadway, New York 6, N. Y. Also available are circulars on **Maryland Drydock** and **Mexican Gulf Sulphur.**

Kropp Forge Company—Bulletin—O. B. Motter & Associates, 500 Fifth Avenue, New York 18, N. Y.

Magma King Manganese Mining Co.—Circular—Weber-Millican Co., 50 Broadway, New York 4, N. Y.

Mansfield Tire & Rubber—Report in current issue of "Highlights"—Troster, Singer & Co., 74 Trinity Place, New York 6, N. Y. In the same issue are reports on **Federal Machine & Welder, Polaroid Corporation, Mission Oil Company** and **Suburban Propane Gas.**

North American Car Corp.—Memorandum—First Securities Co., 134 South La Salle Street, Chicago 3, Ill.

Peoria & Eastern Railroad Company—Analysis—Filor Bullard & Smyth, 39 Broadway, New York 6, N. Y.

Phillips Petroleum — Memorandum — Auchincloss, Parker & Redpath, 52 Wall Street, New York 5, N. Y. Also available is a memorandum on **Youngstown Sheet & Tube Co.**

Plomb Tool Company—Analysis—Hill Richards & Co., 621 South Spring Street, Los Angeles 14, Calif.

Puget Sound Power and Light—Review—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Riverside Cement Company — Card memorandum — Lerner & Co., 10 Post Office Square, Boston 9, Mass. Also available is a memorandum on Gear Grinding Machine Co. and on Seneca Falls Machine Co.

Southern Union Gas Co.—Memorandum—David A. Noyes & Co., 208 South La Salle Street, Chicago 4, Ill.

Studebaker Corporation—Bulletin—Stanley Heller & Co., 30 Pine Street, New York 5, N. Y.

Teleprompter Corp.—Analysis—Coffin, Betz & Co., 123 South Broad Street, Philadelphia 9, Pa.

Teleprompter Corporation—Analysis—L. H. Rothchild & Co., 52 Wall Street, New York 5, N. Y.

Transcontinental Gas Pipe Line Corporation—Analysis—Holton, Hull & Co., 210 West Seventh Street, Los Angeles 14, California.

Union of South Africa—Memorandum—Chemical Bank & Trust Co., 165 Broadway, New York 15, N. Y.

United States Plywood Corp.—Memorandum—Eastman, Dillon & Co., New York 5, N. Y.

Warner Company—Analysis—H. M. Byllesby and Company, Incorporated, 1500 Chestnut Street, Philadelphia 2, Pa.

NSTA Notes

NATIONAL SECURITY TRADERS ASSOCIATION INC.

NSTA Endorses Educational Program

The National Security Traders Association, Inc., through its President, John F. Egan, First California Company, San Francisco, has announced that this organization directly and through its 30 regional groups are endorsing and introducing to their 4,000 individual members a proposed new educational program directed toward all groups of the American people to explain the necessity for thrift and savings and the advantages of becoming owners of the stocks of American business and industrial corporations on a prudent basis.

The program is being initiated by the Peoples Savings and Investment Service as a special project of the Institute of Fiscal and Political Education, under the direction of a special policy committee comprised of O. Glenn Saxon, professor of economics, Yale University, Chairman; Robert S. Byfield, Trustee of Town Hall, Security Analyst, Lecturer and Author; James J. Caffrey, Attorney, former Chairman Securities and Exchange Commission; Dr. Alexander S. Lipsett, Labor Economist and Editor of "International Labor News Service; Dr. Felix Morley, former President Haverford College, Washington Correspondent, "Barron's"; and Paul J. Herold, Secretary-Editor.

The Institute of Fiscal and Political Education is a non-profit, educational organization and is conducting this program in the furtherance of Free Enterprise, the assumption being that a stockholder is a Capitalist and consequently not prone to accept the principles of collectivism which is so prevalent in the world today.

The proposed program will consist in making available at frequent intervals feature articles by outstanding financial writers and economists and educators for regular use by industrial house organs and the national farm, labor, and country press. The Institute will also undertake the preparation of special articles for magazines, programs for radio and television, material for individual and group lectures and public speeches, maintain a speakers' bureau, publish special pamphlets, and conduct surveys and independent studies pertaining to various phases of savings and investment and monetary and fiscal policies and problems.

In announcing this program, Mr. Egan stated that, "In the past two decades, the wealth of the people has been largely redistributed to an entirely new group. These new 'middle-millions' for the most part are not informed nor are they aware of their new responsibilities for putting some of this new wealth into the stocks of American business enterprises in order that the government will not ultimately be forced to put up the capital needed for business expansion. These groups want to know why it is to their self-interest to save and invest and how to become direct owners of corporations on a prudent basis.

"For the past several years leaders in financial, industrial, and economic circles have preached the need for a broad program

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COMING EVENTS

In Investment Field

July 20, 1951 (Detroit, Mich.)
Bond Club of Detroit annual summer golf party at Essex Golf and Country Club, Sandwich, Ont.

Aug. 23, 1951 (Rockford, Ill.)
Rockford Securities Dealers Association "Fling Ding" at the Mauh-Nah-Tee-See Country Club.

Sept. 7, 1951 (New York City)
Security Traders Association of New York outing at the New York Athletic Club

Sept. 24-26, 1951 (Cincinnati, Ohio)
Association of Stock Exchange Firms Fall Meeting at the Terrace-Plaza Hotel.

Sept. 30, 1951 (Coronado Beach, Calif.)
National Security Traders Association Convention opens at Coronado Hotel.

Oct. 12, 1951 (Dallas, Tex.)
Dallas Bond Club annual Columbus Day outing.

Nov. 25-30, 1951 (Hollywood Beach, Fla.)
Investment Bankers Association Annual Convention at the Hollywood Beach Hotel.

Halsey, Stuart Group Offers Utility Bonds

Halsey, Stuart & Co. Inc. and associates are offering $10,000,000 Minnesota Power & Light Co. first mortgage bonds, 3⅝% series due 1981 at 101.749% and accrued interest. The group won award of these bonds at competitive sale July 10 on a bid of 101.019%.

Proceeds from the sale of these bonds will be used to finance in part the company's construction program which contemplates expansion of facilities entailing the expenditure of $5,533,000 in 1951, $10,381,000 in 1952 and $6,308,000 in 1953. The company expects to finance this program through the sale of these bonds, and from current earnings, reserves and funds secured late in 1950 from the sale of common stock.

Regular redemption prices range from 104.75% to par, and special redemptions may be made at prices from 101.75% to par.

Minnesota Power & Light Co. was organized in 1906 as Duluth Edison Electric Co. and the present name was adopted in 1923. The company is a public utility operating only within the State of Minnesota, with the exception that it has an interchange agreement with a subsidiary, Superior Water, Light & Power Co. of Superior, Wis., under which electric power is interchanged with that company. The company is engaged in the generation, purchase, transmission and distribution of electricity in an area covering some 7,500 square miles, and having an estimated population of 315,000.

With Clayton Securities

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Donald F. Thayer has become associated with Clayton Securities Corp., 82 Devonshire Street, members of the Midwest Stock Exchange. He was formerly with Investment Research Corporation and J. Arthur Warner & Co. Prior thereto he was Boston manager for

With Hunnewell Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Irving I. Magid is with Hunnewell & Co., 136 Federal Street, members of the New York and Boston Stock Exchanges.

Its Great Lakes Steel Corporation serves American industry in America's great automotive center

Great Lakes Steel Corporation, with the only integrated steel mill in the Detroit area, is the natural companion to America's mighty automotive industry in both production and location.

Its complete facilities—blast furnaces, open hearth furnaces, hot strip and sheet mills, merchant mills, cold mills—enable Great Lakes Steel to furnish auto makers and their suppliers with a large volume and variety of finished steel for their tremendous production needs.

And Great Lakes Steel serves a wide range of other industries throughout America—building, rail and highway transportation, home appliances, electrical equipment, to name just a few. It has developed special steels, including famous N-A-X High-Tensile . . . is the exclusive manufacturer of world-acclaimed Quonset Buildings and Stran-Steel framing.

The progress of Great Lakes Steel—one of National's seven principal subsidiaries—is another reason why National Steel is one of America's largest producers of steel . . . why it will continue to grow in the future.

NATIONAL STEEL CORPORATION

GRANT BUILDING PITTSBURGH, PA.

SERVING AMERICA BY SERVING AMERICAN INDUSTRY

MAJOR DIVISIONS OF NATIONAL STEEL

GREAT LAKES STEEL CORPORATION, Detroit, Michigan. The only integrated steel mill in the Detroit area. Produces a wide range of carbon steel products . . . is a major supplier of all types of steel for the automotive industry.

WEIRTON STEEL COMPANY. Mills at Weirton, West Virginia, and Steubenville, Ohio. World's largest independent manufacturer of tin plate. Producer of a wide range of other important steel products.

STRAN-STEEL DIVISION. Unit of Great Lakes Steel Corporation. Plants at Ecorse, Michigan, and Terre Haute, Indiana. Exclusive manufacturer of world-famed Quonset buildings and Stran-Steel nailable framing.

HANNA IRON ORE COMPANY, Cleveland, Ohio. Produces ore from extensive holdings in Great Lakes region. National Steel is also participating in the development of new Labrador-Quebec iron ore fields.

THE HANNA FURNACE CORPORATION. Blast furnace division located in Buffalo, New York.

NATIONAL MINES CORPORATION. Coal mines and properties in Pennsylvania, West Virginia and Kentucky. Supplies high grade metallurgical coal for National's tremendous needs.

NATIONAL STEEL PRODUCTS COMPANY, Houston, Texas. Recently erected warehouse, built by the Stran-Steel Division, covers 208,425 square feet. Provides facilities for distribution of steel products throughout Southwest.

Old-Age Benefits

By ROGER W. BABSON

Noting that he has reached 76 years of age and is now eligible to a tax-exempt old age pension of $80 per month, Mr. Babson says inflation may not be so bad, since contribution to the payroll tax by employees is in instalments, and thus the payments are in depreciated dollars.

July 6 was my birthday and my trusted accountant has given me a very nice birthday present. He calls to my attention that in view of my age and now being off the payroll, I can receive old-age insurance of $80 per month.

Roger W. Babson

He further states that persons who are 75 or over can continue to work and draw old-age benefits. I, like other employed persons, have had money deducted from my pay check since 1937, but I gave this no attention, believing that the amount received would be insignificant. But considering how quickly the months speed by as we get older, $80 coming so often looks pretty good.

But the above is not the best of it. This $80 per month which an eligible person receives is non-taxable. If he happens to be in the 50% tax bracket, this is equivalent to a check every month of $160, which certainly is not to be sneezed at. When the deduction from our pay checks was increased Jan. 1, 1950, we were kind of sore about it. We forgot that Social Security benefits were likewise increased. Under last year's amendments a family can receive as much as $1,800 per year as opposed to the old maximum of $1,020.

Inflation May Not Be Too Bad

Some of the pessimists who are always knocking Truman and talking about inflation say that the purchasing power of your old-age insurance benefits in the years ahead won't be much use to you on account of inflation. This could be a serious affair if we now paid for these benefits in one lump sum. Readers, however, will not be doing this. If your Social Security benefits when they are paid will be in depreciated dollars, then the payments which are deducted from your pay check will also be in depreciated dollars, at least so far as the average is concerned.

I use this same argument to cheer up life insurance salesmen who are troubled as to what the value of the dollar will be 20 years hence. I assure them that though the dollar may be much more depreciated at that time, yet, if the premiums are paid in instalments from now until then, they also will be paid to a large extent with depreciated dollars. Furthermore, remember that your increase in salary is largely due to the declining value of the dollar. Hence, considering all things, you will not suffer so much as you think you may and perhaps not at all.

Speaking of Taxation

In giving this column to my accountant friend to read over, he suggested that I add "When a person reaches 65 and becomes eligible for old-age insurance benefits, his wife is also entitled to one-half his benefits provided she is also 65 or over and its not entitled to higher benefits based on her own earnings." This is something worth looking up; also the taxable feature of life insurance. For instance, when I took out, as a young man, $40,000 worth of life insurance, the agent told me that this first $40,000 was exempt from taxation. I now find that if I pay the premium and own the policies completely, my life insurance money will be subject to the Federal Estate Tax the same as stocks or bonds.

The Revenue Act of 1948 does make an exception for a married man to this extent: If the proceeds of the insurance is payable to your wife (or to a trustee under certain conditions) within 13 months of your death, it is not taxable. The money in such a case, however, must be subject to her sole control. The above means that my readers should immediately talk their insurance over with an agent that knows his stuff. There are other technicalities which I cannot cover in this column. The main thing to remember is that if you give your wife the proceeds of your insurance to do as she wishes with, it will probably be exempt up to $40,000; but if you try to be too specific and state how the money is to be used, or give it to other beneficiaries, it may be subject to taxation.

Bache & Co. Exhibit Shows Brokerage House in Action

A brokerage house in action will be shown to 10,000 educators during the next two weeks by means of an exhibit of Bache & Co., members of the New York Stock Exchange, at Columbia University's 27th annual summer session educational exhibit. The Bache exhibit, located in the Main Gymnasium at Columbia's University Hall, utilizes a live New York Stock Exchange ticker and a live business news wire to dramatize the story of brokerage activities.

The exhibit, which has "Mobilizing for Defense" as a theme, is part of a campaign to explain Wall Street to the general public. Columbia's educational exhibit was chosen by Bache officials as an ideal place to reach a good cross-section of this group. Representatives of Bache & Co. will be on hand at all times during the two week run of the exhibition to explain the so-called mysteries of the securities industry. Charts, diagrams and photographs are utilized to show yields of securities and explain how they are purchased and sold. Typical yields of various selected companies are covered in the exhibit.

The Summer Session Educational Exhibit is held annually by Columbia University to show the latest educational methods and techniques to educators. About 10,000 teachers from all parts of the United States and many foreign countries are expected to attend this year's session which will continue through July 20.

Donald W. Green With Piper, Jaffray Co.

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—Donald W. Green has become associated with Piper, Jaffray & Hopwood, 115 South Seventh Street, members of the New York and Midwest Stock Exchanges. Mr. Green has recently been an officer of Investors Diversified Services, Inc. In the past he was a partner in Piper, Jaffray & Hopwood.

E. D. Flather Opens

WASHINGTON, D. C. — Edwin D. Flather is engaging in the securities business from offices at 2220 Twentieth Street, N. W. He was formerly with Auchincloss, Parker & Redpath and Stein Bros. & Boyce.

Continued from page 8

NSTA Notes

of education in stock ownership. We feel that the program we are now introducing can help materially in filling this need."

Trustees of the Institute of Fiscal and Political Education are Dr. Wilson M. Compton, President Washington State College; Dr. John Lee Coulter, former President N. D. and A. M. College, Economist; Forrest Davis, Author, former Washington Editor, "Saturday Evening Post"; Roger Faherty, Vice-President Irish-American Historical Society; John Temple Graves, Lecturer, Columnist, Editorial Staff, Birmingham "Post Herald"; Horace A. Hildreth, President Bucknell University; J. Hugh Jackson, Dean, Graduate School of Business, Stanford University; Dr. Forrest H. Kirkpatrick, Dean of Students, Bethany College; Arthur Bliss Lane, Diplomat, former Ambassador; Harry G. Marquis, Secretary and Treasurer; John Marshall, former First Assistant U. S. Attorney General; Dr. Felix Morley, former President of Haverford College, Author; W. Royce Powell, Vice-President; Donald R. Richberg, Lawyer and Author; Berkley A. Thomas, Executive Vice-President; Gill Robb Wilson, Author and Columnist.

Security Traders Association of New York

The Security Traders Association of New York will hold their annual outing on Sept. 7, at the New York Athletic Club.

Hunter Goodrich With Merrill Lynch, Chicago

CHICAGO, Ill.—Homer P. Hargrave, managing partner in Chicago of Merrill Lynch, Pierce, Fenner & Beane, announced that Hunter Goodrich, former manager of Edgewater plant of Archer, Daniels, Midland Co., who became associated with the firm in 1950, has been transferred to Chicago to supervise Merrill Lynch's commodity division in the Chicago area.

Mr. Goodrich was with Archer, Daniels, Midland Company for approximately 25 years and was closely associated with the growth and development of their soybean and soybean products division.

The firm's commodity division in Chicago embraces all commodities traded in on future markets, also cash and spot commodities such as all edible fats and oils, fresh meats and feed stuffs.

The firm's Chicago office is located in the Board of Trade Building.

Firm Name Now Is Renyx, Field & Co.

The firm name of Corporate Leader Sales Company, Inc. has been changed to Renyx, Field & Company, Inc. There has been no other change in the firm which is located at 527 Fifth Avenue, New York City.

Robert J. Henderson Is With Daniel Reeves Co.

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Robert J. Henderson has become associated with Daniel Reeves & Co., 398 South Beverly Drive, members of the New York and Los Angeles Stock Exchanges. Mr. Henderson was an officer of Edward J. Bourbeau & Co.

Britain's Investment Program

By PAUL EINZIG

In pointing out the likelihood of a considerably larger financial outlay on capital investment in Britain in 1951, due to higher costs and rearmament expenditure, Dr. Einzig expresses view total of investment will exceed savings, and therefore, there will be an expansion of the current inflationary gap. Sees need of longer working hours and greater output to offset this trend.

LONDON, England.—Ever since 1948 the British Treasury published each year a detailed program of capital investment, in which the amount of public works and of private construction of capital goods was forecast. Since building operations in Britain are subject to license the government was in a position to ensure to some degree that actual capital investment conformed to the program. This year, however, no capital investment program has been published. The Chancellor of the Exchequer made a brief statement in which he explained that owing to uncertainties created by rearmament and raw material shortages it was impossible to compile any reliable detailed estimates. He gave the broad outlines of the government's intentions in respect of various types of capital investment. Although the total of investments is expected to be slightly higher in 1951 than it was in 1950, the total of civilian investments will be substantially lower, for rearmament requirements will absorb a large part of the resources available for the purpose.

Dr. Paul Einzig

The amounts involved were calculated on the basis of prices prevailing at the end of 1950. In the meantime costs have increased considerably and are expected to increase further during the second half of the year. As a result the financial outlay on capital investment is likely to be considerably larger in 1951 than in 1950. This means the creation of a corresponding amount of additional purchasing power. At the same time the volume of consumer goods will decline, not only owing to the increase in the amount of capital investment—which is relatively moderate—but also owing to switching over of production from civilian goods to war materials.

To the extent to which this year's capital investment exceeds that of 1950 the inflationary gap will widen, for there is no hope to cover the additional investment by additional net savings. On the contrary, dis-saving is proceeding on a fairly substantial scale. This is not at all surprising, since we are in a period of price inflation. If the rise in prices had been due to an expansion of purchasing power there might be no decline in net savings. Since, however, prices have risen without any corresponding previous rise in purchasing power, the consumers have to draw on their old savings in order to be able to pay the higher prices. Thus, in addition to the inflationary effects of increased capital investment, Britain has to face the inflationary effects of dis-saving.

At a time of over-full employment an excess of investment over savings is liable to produce a particularly strong inflationary effect. Apart from the increase of purchasing power and the decline in the volume of consumer goods, the additional competition for the labor resources available tends to strengthen further the bargaining power of workers. This is liable to lead to an acceleration of the rise in wages. Already there are symptoms of an accentuation of competitive bidding for labor. Thie British railroads have been losing many thousands of skilled and unskilled hands because industrial firms are in a position to offer higher wages. The addition must be substantial in order to induce the railroad employees to relinquish their permanent jobs and the pension benefits attached to them. Owing to the rising prices and the urgency of demand, manufacturers are in a position to offer sufficiently tempting inducement. The result is a curtailment of railroad traffic. A solution would be a restoration of prewar working conditions. Even now the number of workers employed by the railroads is well above prewar figure. But shorter working hours, holidays, etc., made it necessary to employ many more men than before the war. The result of a return to prewar conditions would be that even more men would want to leave the raliroads. In the circumstances the only practicable solution will be a further increase of wages, which would necessitate higher fares and freight rates, resulting in an all-round increase of the cost of living and the cost of production.

Yet even now the government appears to have failed to see the danger signal. A realistic government would have ruthlessly cut down the capital investment program in spite of the additional requirements for rearmament purposes. It is true, some kinds of investments such as the construction of power stations cannot be curtailed without grave disadvantages. But there are many kinds of public works which could and should have been cut down much more drastically than they have been cut down. Nor is a reduction of capital investment the only method of disinflating or of resisting further inflation. Under the influence of Keynes' theory, British economists are inclined to take a very one-sided view of this subject. In a recent article R. F. Harrod argued that credit restrictions would not be disinflationary except in so far as they would curtail capital investment. In reality restrictions of consumers' credits would produce an even more directly disinflationary effect than cuts in capital investment.

The government remains reluctant to take active steps to raise interest rates or to curtail credits to any considerable degree. In spite of the growing evidence of over-full employment the fears that any drastic disinflationary measures might create unemployment continue to paralyze effective disinflationary action. Yet the authorities are in a position to go a very long way towards disinflation without even removing over-full employment, at any rate as far as the country as a whole is concerned. The danger is that, while in Britain as a whole the number of vacancies would continue to exceed the number of unemployed, in particular regions there might develop large-scale unemployment. Owing to housing difficulties labor in Britain is very immobile. It is almost impossible to transfer the unemployed from one district to another, for lack of housing accommodation. This is one of the reasons why drastic disinflationary measures are avoided, for fear that, as a result, unemployment and over-full employment would run concurrently.

Swiss Corp. For Canadian Investments

Swiss Bank Corporation, Basle, the largest of the Swiss commercial banks, announced yesterday the incorporation of a Canadian company with the title "Swiss Corporation For Canadian Investment, Ltd." The new corporation will have an authorized share capital of $2,000,000 (Canadian) and will start operations Aug. 1. The corporation is authorized to act as dealers in investments and as general financial agents.

Frank H. Gunther, senior New York agent of Swiss Bank Corporation, has been elected President of the new corporation. J. W. Kraft has been elected Vice-President and A. Engelbert, Secretary and Treasurer. The board of directors comprises Messrs. Gunther, Kraft and J. A. Noonan.

The corporation's headquarters will be located in The Royal Bank Building, 360 St. James Street, West, Montreal, Canada.

Swiss Bank Corporation maintains foreign offices in both New York and London. The new venture is the outcome of careful investigation by Swiss Bank Corporation, Basle. Without entering the field of commercial banking in Canada, The Swiss Bank Corporation feels that there is scope for expansion within the framework of the Canadian economy. Since Switzerland is one of the few countries able to expert hard currency capital, this may be considered as an important move in strengthening the ties between the old world and the expanding economy of Canada, the bank said.

Exchange Firms to Hold Fall Meeting

The Board of Governors of the Association of Stock Exchange Firms will hold its Fall Meeting at the Terrace-Plaza Hotel, Cincinnati, Ohio, Sept. 24, 25 and 26, 1951, it was announced by Joseph M. Scribner, Singer, Dean & Scribner, Pittsburgh, President.

In addition to the usual business sessions, Senator Robert A. Taft will be the principal speaker at a dinner on Monday, Sept. 24.

Urges Higher Interest Rates on Savings Bonds

American Federation of Labor President, William Green, says it would encourage savings and be effective anti-inflation move.

President William Green of the American Federation of Labor on July 5 made public a letter to Secretary of the Treasury John W. Snyder urging a new savings bond program with a higher interest rate to attract greater savings as part of the anti-inflation program.

William Green

The text of the letter to Secretary Snyder follows:

"I am writing to express the interest of the American Federation of Labor in the development of an effective program to persuade the American people to save a larger part of their income.

"Since the start of the Korean War, the A. F. of L. has argued for a comprehensive, well-rounded, anti-inflation program. We have supported direct price controls as absolutely essential to restrain the mounting cost of living and exorbitant profiteering. However, we have always maintained that direct controls over our economy must be supplimented by other measures including an equitable tax program, credit controls, and an effective savings program.

"The importance of a savings program becomes clear when we realize that from present indications the tax program which Congress is planning to pass will not be adequate for meeting the requirements of the current inflationary situation. This highlights the need for an effective savings program which, by transferring to savings dollars that would otherwise be spent at the stores, will substantially lessen inflationary pressures throughout the American economy.

"We are convinced that the American people would respond eagerly to the proper type of savings program. However, to get this response, substantial changes would have to be made in the current U. S. savings bond program. The current Series E bond program simply is not sufficiently attractive to workers and their families in the moderate income groups.

"For each year, beginning in 1946, redemptions of $25 and $50 savings bonds (the type these moderate income families can afford) have far exceeded sales. Even the Korean War has not changed this trend.

"Moreover, studies by the Federal Reserve Board show that a substantial majority of families with income lower than $5,000 do not possess any U. S. savings bonds. This percentage has been increasing each year since 1946. Seventy-six per cent of unskilled and service workers, 63% of semi-skilled and skilled workers, and 51% of clerical and sales workers do not possess any savings bonds at all.

"A way must be found to persuade these families to make a determined effort to set aside a small but regular part of their income as savings.

"Up to this time, no solution to this problem has been offered. The new law designed to handle the many millions of Series E war bonds that began maturing on May 1, 1951 is very inadequate since the interest rate set for these E bonds is very unattractive.

"During the past few months, it has become quite clear that interest rates on government bonds have been rising. Under the arrangement between the Federal Reserve Board and the Treasury Department the long-term interest rate on government bonds has increased from 2½ to 2¾%. Rates on other government obligations have also risen. In view of this fact, any government savings program must pay interest at a rate considerably higher than that paid by the E bond program.

"It is our considered opinion that the Treasury Department should issue a new type of savings bond designed especially to appeal to moderate income families and carrying an interest rate above the 2.9% of the present E bond. We suggest that this rate of interest be approximately 3.5%.

"This new type of bond should have the general characteristics of the current Series E bonds. It should be non-negotiable and non-transferable. A definite limit must be placed on the amount of these bonds that can be held by any one individual.

"These bonds should carry a variety of maturity dates to appeal to the various reasons motivating family savings. Some might mature in less than ten years, while others might not become due until 12, 15 or 20 years.

"It must be remembered that savings is a voluntary process. Thus, we cannot expect low income families to make any significant contribution to the savings total because all of their income is absorbed by daily cost of living items. Our suggestions for a revitalized savings bond program are designed to attract additional savings from families of moderate income whose savings are needed in order to stem inflation. It is most important to provide the type of program which will attract the maximum amount of savings from these families.

"If these suggestions are followed, we feel certain that the American people will respond with greatly increased savings. The American Federation of Labor, for its part, is prepared to cooperate in every way possible to make such a program a complete success."

Two With Merrill Lynch

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Milton Donfeld and Nico D. March are now affiliated with Merrill Lynch, Pierce, Fenner & Beane, 523 West Sixth Street.

With Gross, Rogers Co.

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—William K. Gillett has been added to the staff of Gross, Rogers & Co., 559 South Figueroa Street, members of the Los Angeles Stock Exchange. He was formerly with Fairman & Co.

Lehigh Valley's New Look

By HUBERT F. ATWATER

Gammack & Co., Members, New York Stock Exchange

As illustrating railroad reconstruction progress in recent years, Mr. Atwater gives data on the Lehigh Valley Railroad. Cites improvement in physical facilities, and in capital structure, particularly in reduction of outstanding debt. Reports better operating ratio and increase in gross earnings.

From both the financial and physical aspects the old Lehigh Valley has taken on a new look; new as to motive power and other equipment, new as to operating economies and new as to capital structure.

In 1928, the Lehigh Valley had an annual gross income of $72 million which ten years later had declined to $41 million while interest charges had remained about constant. Temporary relief was secured by the postponement of part of current interest charges under a 1938 Refinancing Plan, and out of the improved earnings of the war period these deferred payments were discharged in full.

Hubert F. Atwater

Upon the adoption of Section 20 B as an amendment to the Interstate Commerce Act, the Lehigh Valley saw and seized the opportunity to start putting its financial house in order under the provisions usually referred to as the Mahaffie Act.

The situation in 1948 when the program was initiated, saw an immediate maturity of $5 million first mortgage 4s and most of the divisional debt was due in less than ten years. To effect a more satisfactory debt structure, the company caused a subsidiary to acquire nearly all of the first 4s due June 1, 1948, for cash and hold them as an investment extended for 20 years, the divisional bonds were extended to 1969 or longer, the "annuity" bonds were given a fixed maturity of 1989 and the junior lien, General Consolidated Mortgage, bonds were made 25% fixed and 75% contingent interest. A bonus of stock was given to the junior bond holders for their sacrifice and cooperation and a sinking fund was created which has the effect of restricting dividends until a really important reduction of funded debt, exclusive of equipment obligations, is accomplished.

THE NEW LOOK IN CAPITALIZATION

The most graphic manner in which to present the results accomplished by Lehigh Valley in the period of less than two years or from Aug. 1, 1949 through 1950, is to show the amount of mortgage debt by issues at the end of each year, 1948, 1949 and 1950.

In brief, the total funded debt exclusive of equipments in the hands of investors at the end of 1948 was $129,756,000, calling for annual fixed interest of $5,954,405. Of this debt $45 million or more matured in eight years.

By the modification plan which was followed by the merger of 11 railroad subsidiaries with the Lehigh Valley, the funded debt became part fixed and part a contingent claim as to interest and no maturity less than 20 years, viz:

Fixed Interest Debt	$75,892,500	Charges	$3,634,171
Contingent Interest Debt	53,815,500	Charges	2,320,234
Total	$129,708,000		$5,954,405

On Dec. 31, 1950, the company's mortgage debt was reported as follows:

Fixed Interest Debt	$67,496,500	Charges	$3,245,256
Contingent Interest Debt	36,945,500	Charges	1,598,584
Total	$104,442,000		$4,843,840
Reduction	$25,266,000		$1,110,565

The Fixed Charges as shown herein taken from the 1950 annual report would have been earned in every year, 1928 through 1950 except in 1932 and 1945 when deficits were reported.

The sum of present (Dec. 31, 1950) fixed and contingent charges on bonded debt, $4,843,840 would have been earned in every year, 1928 through 1950, except 1931, 1932, 1938 and 1945.

TABLE OF FUNDED DEBT — LEHIGH VALLEY RAILROAD
(Excluding Equipment Obligations)

The outstanding amount of each issue listed for the close of 1948 has been adjusted to show the new maturity and to give effect to the division of the General Consolidated Mortgage, bonds having been exchanged for new certificates to make one quarter of the issue of fixed interest and three quarters contingent interest. In 1948 and until the effective date of the Plan, Aug. 1, 1949, all debt was on a fixed interest basis.

	Dec. 31, '48	Dec. 31, '49	Dec. 31, '50	Interest Chgs. as of Dec. 31, '50
First 4s 1948 past due	$48,000	$35,000	$4,000	------
Consol. Mortgage 4½s, 1989	2,538,000	2,487,000	2,395,000	$107,775
Consol. Mortgage 6s, 1989	10,062,000	9,869,000	9,350,000	561,000
Penna. & N. Y. Canal—				
4s, 1969	2,914,000	2,804,000	2,679,000	107,160
4½s, 1969	1,435,000	1,408,000	1,230,000	55,350
5s, 1969	3,919,000	3,761,000	3,568,000	178,400
L. V. Railway 4½s, 1974	14,711,000	14,587,000	13,699,000	616,455
L. V. Terminal 5s, 1979	9,572,000	9,307,000	8,865,000	443,250
L. V. Harbor Term. 5s, 1984	9,803,000	9,619,000	8,924,000	446,200
Lehigh & Lake Erie 4½s, 1994	3,000,000	2,934,000	2,676,000	120,420
Total Prior Liens	$58,002,000	$56,811,000	$53,390,000	$2,636,010
Gen. Consol. 4s A, 2003	$9,764,250	$9,029,250	$7,753,250	$310,130
Gen. Consol. 4½s, B	5,174,250	4,671,250	3,749,250	168,716.25
Gen. Consol. 5s C	3,000,000	2,832,000	2,608,000	130,400
Fixed Part of Gen. Consol.	$17,938,500	$16,532,500	$14,110,500	$609,246.25
Total Fixed	$75,940,500	$73,343,500	$67,500,500	$3,245,256.25
Gen. Consol. 4s D, 2003	$29,292,750	$26,556,750	$19,566,750	$782,670
Gen. Consol. 4½s E	15,522,750	13,726,750	10,604,750	477,213.75
Gen. Consol. 5s F	9,000,000	8,314,000	6,774,000	338,700
Contingent Part	$53,815,500	$48,597,500	$36,945,500	$1,598,583.75
Total Bonds	$129,756,000	$121,941,000	$104,446,000	$4,843,840

The total bonded debt in the hands of the public on April 30,

1950 is stated by the President to be less than $100 million.

The amount of outstanding bonds under the General Consolidated Mortgage as of June 1, 1951 was $13,699,500 bearing fixed interest, and $33,889,500 bearing contingent interest; a reduction of $3,467,000 face amount of this mortgage in five months of 1951.

To accomplish this heavy reduction in bonded debt in so short a time the Lehigh Valley has been aided by the receipt of two substantial cash payments—

(1) A partial settlement of the losses suffered in the Black Tom explosion in World War I, and

(2) A refund of income tax applying to the years 1940-1944 received in December 1949, amounting to $8,266,153.

Both payments were instrumental in effecting the purchase of bonds and were applied, as will be seen from the table, approximately pro rata to the several issues.

Accelerated debt retirement when special funds are available is of the greatest importance and while retirement may be at a lesser rate in 1951 and subsequent years due in part to higher market prices, we do realize that cash must also be conserved for improvements and capital expenditures, particularly equipment.

NEW POWER AND EQUIPMENT

The Lehigh Valley will complete in September a definite program of substituting diesel power for steam. It has reduced passenger train mileage and increased the tonnage of freight trains to the point where it is now ranked as fourth in the number of gross tons moved per freight train hour.

From 1948 through 1950, equipment obligations have risen to $25,448,387 or an increase of about $15 million net. Currently, the annual maturities of such obligations are $3 million while the accruals through depreciation charged to Maintenance of Equipment in the last year were $2 million. This has required putting up cash from other sources to meet maturities but as borrowings for the most part are on a 15 year basis, the high hurdle of maturities should be passed in a year or two.

The President, Mr. Major, and the Vice-President and General Manager, Mr. Patterson, discussed this and other matters at a meeting of the New York Society of Security Analysts last month. Not only did the Lehigh Valley acquire 54 diesel "units" in 1950 and 28 units in the first half of 1951 but 17 more are on order for early delivery; four new diesel tugs were acquired as well as 2,150 freight cars, while over 2,000 such cars were rebuilt.

Diesel locomotives to eliminate other power will be in service during 1951 and the performance record of diesel power for the past two years has been—

	1950	1949
Passenger Train Miles	83%	78%
Freight Train Miles	80%	65%
Yard Switching Miles	70%	50%

Improvements have been made in some of the major yards and while a diesel switcher cannot handle more cars per hour than a steam unit, the former costs less to operate and more importantly, is available for service a greater number of hours per day.

In short line service where heavy grades are encountered as on the Hazleton branch, a four unit diesel can handle two round trips carrying 70 loaded cars one way in 8½ hours while five steam units were required for a **one** way trip in 7 hours with 60 cars.

The Lehigh Valley has traffic composed of 50% products of mines and 38% manufactures and miscellaneous—on the main line, Buffalo to New York, the east bound movement predominates, hence the large amount of export shipments noted by the New Jersey commuters. Diesel locomotives in the main line service draw as heavy loads and make as good time as competing lines.

Heavy industry located along Lehigh Valley lines includes the home plant of Bethlehem Steel. During 1950, a total of 47 new industries were located in Lehigh Valley territory while 16 others were engaged in plant expansion.

The cumulative effect of a complete change-over from steam to diesel motive power has been variously estimated by the executives of major railroads and in general, they divide the assumptions into three premises:

(1) The first one third of total diesel power purchased is usually put to full utilization and in either road work or switching affords a high return on the investment.

(2) The second one third is usually to be acquired while a considerable amount of steampower is still being utilized; hence it is necessary to maintain service for both classes of power, water and coal stations etc. so that the second step cannot be expected to afford the same average return as the first.

(3) Final changeover brings but one class of shop, the elimination of coal and water stations, the sale or dismantling of some locomotive facilities and a rearrangement of schedules and assignments. The effect is found in the reduction of Cost of Conducting Transportation—the one classification of the accounting for railroads where the results of true maangement will show, and where the outlay is not distorted by depreciation or other non-cash charges.

On the record we find therefore that in 1950 while the operating ration of Lehigh Valley dropped 5 percentage points or from 81.8% to 76.8%, it does not tell the whole story. It is more important to observe that gross increased $2,100,000 in 1950 over 1949, and that in the same period $1,705,000 was saved in transportation costs out of a total reduction in expense of $1,835,000. The balance of the saving coming from "overhead."

In the same year gross ton miles per train hour increased nearly 7% or from 59,598 to 63,157.

Volume pays. At present costs volume plus expeditious handling and control of costs converted an increase of $2,100,000 in gross into a gain of over $2½ million in the amount available for fixed charges.

HOW THE MONEY IS USED

The readjustment plan contains provision for the application of net income, as defined, and the use of funds for fixed and contingent charges and sinking funds. The Company has published two tables as follows—(in 1949 contingent charges started Aug. 1).

	1949	1950
Income Available for Fixed Charges	$6,421,000	$9,019,000
Fixed Charges	5,374,000	3,850,000
Balance	$1,047,000	$5,169,000

Adjustments Under Plan

Retirements etc. Restored to Income	$196,000	$1,329,000
Tax Credits	6,428,000	------
Total	$7,671,000	$6,498,000
Available (5-12th in 1949)	3,197,000	6,498,000
Prior Lien Sinking Fund	101,000	362,000
Contingent Interest	873,000	1,549,000
Deductions	$974,000	$1,911,000
Available for General Sinking Fund and Other Purposes	2,223,000	4,587,000
One-half to General Sinking Fund	1,111,412	2,293,515
One-half to Other Corp'n Purposes	1,111,412	2,293,515

Bought in 1950 to Anticipate Sinking Fund

Fixed Interest Bonds	$5,812,000
Contingent Interest Bonds	11,652,000
Total Reduction 1950	$17,464,000
Cost	9,995,615

Gartman, Matz With L. F. Rothschild & Co.

Charles T. Matz

(Special to The Financial Chronicle)

CHICAGO, Ill.—George W. Gartman, Jr. and Charles T. Matz have become associated with L. F. Rothschild & Co., 231 South La Salle Street. Mr. Gartman was formerly with Francis I. du Pont & Co., and Swift, Henke & Co. Mr. Matz was with Wheelock & Cummins, Inc., Reynolds & Co., and Harriman Ripley & Co. Inc. in Chicago.

Lewis D. McDowell With Chas. A. Day & Co.

Lewis D. McDowell

(Special to The Financial Chronicle)

BOSTON, Mass.—Lewis D. McDowell has become associated with Chas. A. Day & Co., Inc., Washington at Court Street, members of the Boston Stock Exchange. He was formerly in the trading department of the Boston office of J. Arthur Warner & Co. and prior thereto was with Weston & Co., and Paul D. Sheeline & Co.

$25,000,000 Bonds Of State of California Offered to Investors

Bank of America, N. T. & S. A., and associates are offering $25,000,000 State of California 4%, 1½% and 1¾% Veterans' bonds, Act of 1949, series B, due Aug. 1, 1953 and 1972, inclusive. The bonds are priced to yield from 1.20% to 2%, according to maturity. Bonds maturing from 1968 to 1972 are subject to call at par on Aug. 1, 1967.

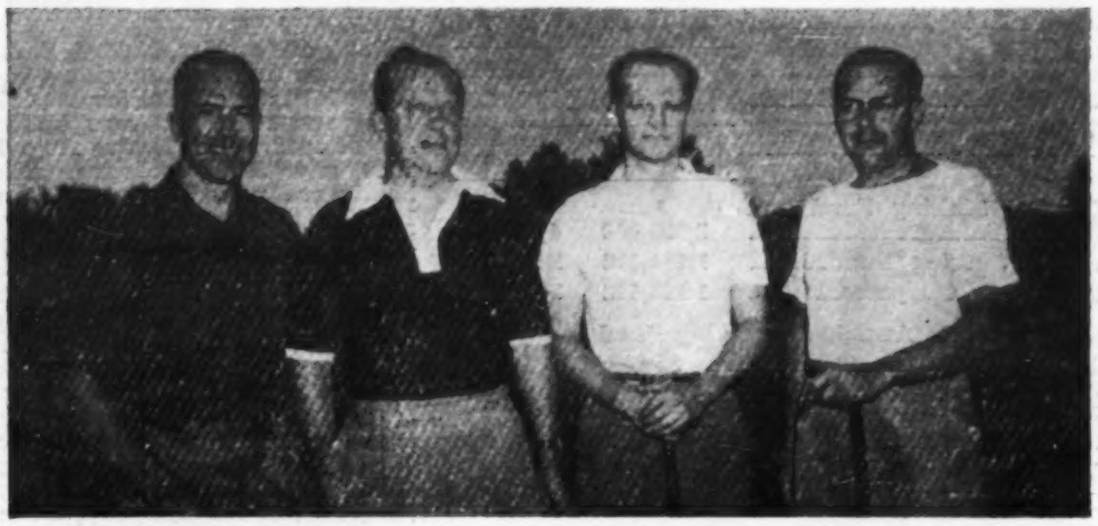
Members of the offering group include, among others, The National City Bank of New York; The Chase National Bank; Blyth & Co., Inc.; The First Boston Corporation; Harriman Ripley & Co. Inc.; Harris Trust and Savings Bank; R. H. Moulton & Company; American Trust Company; Glore, Forgan & Co.; C. J. Devine & Co.; Goldman, Sachs & Co.; Union Securities Corporation; Weeden & Co.; The First National Bank of Portland, Oregon; Seattle-First National Bank; Security-First National Bank of Los Angeles; California Bank of Los Angeles; Dean, Witter & Co.; William R. Staats Co. Inc.; Equitable Securities Corporation; Reynolds & Co.; J. Barth & Co.; B. J. Van Ingen & Co. Inc.; Coffin & Burr Inc.; A C. Allyn and Company Inc.; Harris, Hall & Company (Incorporated); Heller, Bruce & Co.; Barr Brothers & Co.; Kaiser & Co.; and A. G. Becker & Co. Inc.

Frank B. Hutchinson Joins Weeden & Co.

(Special to The Financial Chronicle)

CHICAGO, Ill.—Frank B. Hutchinson has become associated with Weeden & Co., 135 South La Salle Street. Mr. Hutchinson was previously with McMaster Hutchinson & Co. in the municipal department and prior thereto was with Braun, Bosworth & Co., Inc. and Harris Trust & Savings Bank.

Security Traders Association of Detroit and Michigan



Paul I. Moreland, *Moreland & Co.*; Russ Keier, *Collin, Norton & Co.*, Toledo; Clarence Horn, *First of Michigan Corporation*; Lee Wolf, *A. G. Becker & Co.*, Chicago

Howard Dorr, *Detroit Stock Exchange*; George A. McDowell, *Geo. A. McDowell & Co.*; M. C. Baird, *Geo. A. McDowell & Co.*; John Camisser, *National Bank of Detroit*; Andy Reid, *Andrew C. Reid & Co.*

Ed Diedrich, *McDonnell & Co.*; Sam Hague, *Smith, Hague & Co.*; Fred Winckler, *Shader-Winckler Co.*; Wm. Gordon, *Shader-Winckler Co.*; Harry Schafer, *Shader, Winckler Co.*; Guest

Leslie Muschette, *First of Michigan Corporation*; John Nunnely, guest; Al Lomak, *Manufacturers National Bank*; Howard Parker, *Manley, Bennett & Co.*

Clarence Horn, *First of Michigan Corporation*; Larry Dilworth, *R. C. O'Donnell & Co.*; Ed Miller, *Smith, Hague & Co.*; Russ Keier, *Collin, Norton & Co.*, Toledo; Stanley Weaver, *C. G. McDonald & Company*; R. C. O'Donnell, *R. C. O'Donnell & Co.*; Howard Dorr, *Detroit Stock Exchange*

Guest; Russell Mann, *Goodbody & Co.*, Flint, Mich.; Norman D. Humphries, *Keystone Company of Boston*, Detroit; *R. Laute, Goodbody & Co.*; Frank Voorhies, *Goodbody & Co.*; Wm. F. Opatt, *National Bank of Detroit*; Phil Turner, *National Bank of Detroit*

William Brown, *Baker, Simonds & Co.*; Robert Moons, *Manley, Bennett & Co.*; H. A. McDonald, Jr., *McDonald, Moore & Co.*; Al Aldinger, *Fordon, Aldinger & Co.*

John Pinelli, *Shader, Winckler Co.*; Robert Wallace, *Wm. C. Roney & Co.*; C. G. Porter, *Baker, Simonds & Co.*; C. G. McDonald, *C. G. McDonald & Co.*

Annual Outing June 26th at Plum Hollow Golf Club

John F. Egan, *First California Company*, San Francisco, president of the N. S. T. A.; Geo. J. Elder, *Geo. A. McDowell & Co.*; H. Russell Hastings, *Crouse & Co.*

Victor Dhooge, *Manley, Bennett & Co.*; Jack Kenower, *Kenower, MacArthur & Co.*; Al Allyn, *Blyth & Co., Inc.*; Reginald MacArthur, *Kenower, MacArthur & Co.*

Ed Miller, *Smith, Hague & Co.*; Geo. Reuter, *Baker, Simonds & Co.*; Harry Buckel, *Manley, Bennett & Co.*; H. Russell Hastings, *Crouse & Co.*; John H. Dykema, Chairman of the Michigan Corporation & Securities Commission; Geo. J. Elder, *Geo. A. McDowell & Co.*; John F. Egan, *First California Company, San Francisco*; Edw. H. Welch, *Sincere & Co.*, Chicago; Chas. E. Bechtel, *Watling, Lerchen & Co.*; H. A. McDonald, Jr., *McDonald, Moore & Co.*

Frank P. Meyer, *First of Michigan Corporation*; Edw. H. Welch, *Sincere & Co.*, Chicago; H. Russell Hastings, *Crouse & Co.*; John F. Egan, *First California Company*, San Francisco; Frank Kemp, *R. C. O'Donnell & Co.*

Securities Salesman's Corner

By JOHN DUTTON

Prospecting

(Article 3)

You can obtain prospects from the people you try to sell simply by asking for them. There are times when you don't make the sale but you have gained the goodwill and confidence of your prospect. When this happens you can safely ask for names of people who might be interested in doing business with you, or who might lead you to those who can do so. You must however make it **easier for your prospect to help you than to refuse.**

Obtaining Names

After you have finished your discussion and before you leave say: "Mr. Smith, does it pay you in your business to widen your acquaintance, if you do it in the right way?" ("Of course.")

"You know someone Mr. Smith whom I would like to meet." ("Who is that?")

"I don't know his name Mr. Smith, but I can describe him to you. He is someone who is interested in saving money, or in making his present assets do a better job for him, or he is retired and interested in a sound investment program such as we have been discussing. Who among your acquaintances best fits that description Mr. Smith?"

Getting Introductions

The following ideas have been used successfully by life insurance men in obtaining favorable introductions:

Ask your "center of influence" to write the name of the prospect, and also your name on his personal or business card. You can then hand the prospect a card with three names on it.

Or you might prepare a letter along the following lines, have your "center of influence" copy it on his letterhead and sign it.

"Dear Bill,

"This will introduce Tom Jones, a nice guy whom I think you'll like. He wants to meet you, and I think he has some such design as to try to sell you securities.

"Don't let that scare you though. He sold me on an investment program that I am pretty enthusiastic about, and he knows his stuff. Throw him out right away if you want to, but he has a darned good plan to tell you about, and I think you may want to hear it.

"Sincerely
"Tom Jones."

You can also ask your cooperator to telephone the prospect and say that you are O. K.

Or, you can write a note addressed to your "center of influence" asking for an introduction to the prospect and request that your c. i. merely write at the bottom, "This fellow is O. K." and sign his name.

Cultivate Your Influence Centers

Since goodwill must be nourished the same as anything else that you want to stay alive and grow, see to it that you show your appreciation for any help that is given to you. Report back and let him know if your cooperator has helped you to a sale. He will like it and will continue to take an interest in you. Also try and return a favor with a favor when you can. Keep prospecting in mind. If you can't sell them all you can make good friends of many. Some will come along later. Some will help you to meet others that can assist you in building an endless chain of people with whom you can do business. We don't live alone, and in the last analysis it is the help we give and get that smooths our way in business, and in life. Being a cooperator begets friendship and that brings success.

Lily-Tulip Stock Issue Underwritten by Blyth

The Lily-Tulip Cup Corp. is offering 75,000 shares of additional common stock at $50 per share and is granting holders of its common stock rights to subscribe at the rate of one share for each five shares held of record on July 5, 1951. Rights to subscribe will expire at 3 p.m. on July 19, 1951. Blyth & Co., Inc. heads an investment group which has agreed to purchase the unsubscribed shares.

Proceeds from the sale of the stock, together with a portion of the proceeds from proposed borrowings and other funds will be applied principally to additional operating facilities and to a new plant being constructed at Springfield, Mo.

Lily-Tulip Cup Corp. is principally engaged in the manufacture and sale of paper cups and nested containers which are used in the serving and packaging of food and beverages. The company produces approximately 500 different sizes, types and styles of such products, substantially all of which are marketed under the company-owned trademarks "Lily", "Tulip", "Nestrite", "Vee-cup", "Mixrite" and combinations of these names.

NYSE Members Vote Against Year Round Saturday Closing

Result of recent poll shows 700 against proposal and 571 in favor

The membership of the New York Stock Exchange in a recent referendum have voted against a proposal to close the Exchange on Saturdays throughout the year. The vote was 700 against the proposal and 571 in favor. One ballot was blank. The vote was the largest ever cast by the Exchange membership.

The question was submitted to the membership in the form of a constitutional amendment after the Board received a petition from 329 members on May 24, 1951. The petition, which the Board was required to submit to the membership under terms of the constitution, provided for closing the Exchange on all Saturdays except under unusual circumstances.

On April 12, 1951, the Board of Governors of the Exchange decided against closing on all Saturdays after considering the results of a poll of membership opinion on the subject.

The vote did not affect the present policy of closing the Exchange on Saturdays during the summer months of June, July, August and September.

With J. Barth Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—James E. Kramer is now with J. Barth & Co., 404 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

Security Traders Association of Los Angeles Spring Party

Cliff Poindexter, *Turner-Poindexter & Co.;* Dan Frost, *Shields & Company;* Jo French, *Blyth & Co., Inc.;* Jack Carter, *Vance, Sanders & Co.;* Ralph Phillips, *Dean Witter & Co.;* Frank McGregor, *Title Insurance Co.*

Chet Glass, *William R. Staats Co.*

Abe Fox, *Stern, Frank, Meyer & Fox;* Francis Moulton, *R. H. Moulton & Co.;* James Sheldon Reilly; Ben Walter, *Bingham, Walter & Hurry*

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK

	June 30, '51	Mar. 31, '51
	$	$
Total resources	5,227,895,685	5,272,212,689
Deposits	4,793,337,782	4,846,660,746
Cash and due from banks	1,379,189,823	1,435,547,720
U. S. Govt. security hold'gs	1,380,413,671	1,419,840,131
Loans & discts.	1,892,132,154	1,869,667,422
Undiv. profits	57,187,886	54,935,517

* * *

GUARANTY TRUST COMPANY OF NEW YORK

	June 30, '51	Mar. 31, '51
	$	$
Total resources	3,095,303,083	3,021,824,366
Deposits	2,635,312,440	2,579,928,778
Cash and due from banks	657,873,094	752,227,696
U. S. Govt. security hold'gs	1,002,542,315	782,194,389
Loans & discts.	1,262,061,786	1,294,961,299
Undiv. profits	77,110,235	75,819,723

* * *

Horace C. Flanigan, Chairman of the Board of **Manufacturers Trust Company, of New York,** announces that Tristan E. Beplat, the bank's Far Eastern Representative, stationed in Tokyo, has been apopinted an Assistant Vice-President. Mr. Beplat was formerly Chief of the Money and Banking Branch, Finance Division, of the Military Government Headquarters in Tokyo. At the same time it was made known that Leod M. Goss of the bank's Foreign Department was appointed an Assistant Secretary. Mr. Goss has been with Manufacturers Trust Co. since 1937. During World War II he served in the Finance Department of the Air Force.

* * *

George A. Sloan, who has been a director of **Bankers Trust Company of New York** for the past 14 years, has resigned that post because of the conflict of interest represented by his recent acceptance of the Presidency of the **Blue Ridge Mutual Fund, Inc.,** it was announced by S. Sloan Colt, President of Bankers Trust, following a Board meeting on July 5. "It is only because of the legal technicality involved that permits our Board to accept Mr. Sloan's resignation," Mr. Colt said. "He has served this institution with distinction, and his contributions to its successful management have been manifold." Mr. Colt made reference to the fact that Mr. Sloan has served for nearly all of his 14 years as Chairman of the Corporate Trust Committee of the bank, a post entailing "great responsibility and many hours of work."

* * *

The election of Wilmer S. Wrench as an Assistant Vice-President of **The Marine Midland Trust Company of New York** was announced on July 3 by James G. Blaine, President, following a meeting of the Board of Directors. Mr. Wrench, formerly Assistant Treasurer, has been with The Marine Midland Trust Company of New York and its predecessor organizations since 1913 when he started as a file clerk, and continues his association with the Comptroller's Department.

* * *

Promotion of T. Clyde McCarroll, formerly Trust Officer, to be a Vice-President of the bank is announced by **Guaranty Trust Company of New York.** He continues with the Trust Department, with the investment work of which he has been identified during most of his 26 years with the company. Newly appointed Second Vice-Presidents of the bank are Joseph C. Buttery and Elmer G. Tewes, both Trust Department officers, and Walter H. Zulch, Foreign Department. John P. Bochow and Everett R. St. Aubyn are made Assistant Managers of the Foreign Department; O. John Betz., Jr., Assistant Treasurer, Banking Department; Ernest J. Kocsis, Assistant Treasurer, Trust Investment; and James H. Dreyer, Assistant Comptroller.

* * *

Swiss Bank Corporation, Basle, the largest of the Swiss commercial banks, has announced incorporation of a Canadian company with the title **"Swiss Corporation For Canadian Investments, Ltd."** The new corporation will have an authorized share capital of $2,000,000 (Canadian) and will start operations Aug. 1. The Corporation is authorized to act as dealers in investments and as general financial agents. Frank H. Gunther, senior New York agent of Swiss Bank Corporation, has been elected President of the new corporation. J. W. Kraft has been elected Vice-President and A. Engelbert, Secretary and Treasurer. The board of directors comprises Messrs. Gunther, Kraft and J. A. Noonan. The Corporation's headquarters will be located in The Royal Bank Building, No. 360 St. James Street, West, Montreal, Canada. Swiss Bank Corporation maintains foreign offices in both New York and London. Without entering the field of commercial banking in Canada, The Swiss Bank Corporation, it is stated, feels that there is scope for expansion within the framework of the Canadian economy.

* * *

The First National Bank of Ardsley, N. Y., increased its capital effective June 22, from $65,000 to $81,250, by the sale of new stock to the amount of $16,250.

* * *

It was announced on July 5 that stockholders of **Girard Trust Corn Exchange Bank of Philadelphia** subscribed to 134,363, or 98.2% of the 136,875 new shares of the bank offered at a price of $35 a share. The offer was made on a basis of one new share for each five shares held with subscription privileges expiring on July 2. The heavy stockholder subscription left only 2,512 shares to be taken up by the underwriters, headed by Smith, Barney & Co. Upon settlement with the underwriters, the capital and surplus of the bank will total $38,000,000, capital stock being 821,250 shares of a par value of $15 per share or $12,318,750 and surplus $25,681,250. A recent item regarding the issuance of the new shares appeared in our June 28 issue, page 2685.

* * *

It is made known in the "Bulletin" (July 2) of the Office of the Comptroller of the Currency that the **First National Bank of Chestertown, Md.,** was merged with and into the **Kent County Savings Bank of Chestertown,** a State banking institution, effective June 16.

* * *

The capital of the **Citizens National Bank & Trust Company of Mansfield, Ohio,** was increased from $200,000 to $600,000, effective June 12; $200,000 of the increase was brought about by a stock dividend, while the further $200,000 increase resulted from the sale of new stock.

* * *

SOCIETY FOR SAVINGS IN THE CITY OF CLEVELAND, OHIO

	June 29, '51	Dec. 30, '50
	$	$
Total resources	239,758,160	236,921,144
Deposits	222,396,115	220,022,764
Cash and due from banks	17,924,460	17,971,476
U. S. Govt. security holdings	90,934,000	97,930,785
Loans & discounts	115,939,483	112,701,106
Surplus	12,000,000	12,000,000

* * *

THE FIFTH THIRD UNION TRUST CO., CINCINNATI, OHIO

	June 30, '51	April 9, '51
	$	$
Total resources	275,630,886	253,586,850
Deposits	253,342,274	231,354,970
Cash and due from banks	84,387,542	64,517,153
U. S. Govt. security holdings	84,541,152	84,801,514
Loans & bills disct.	84,645,873	83,063,473
Undivided profits	3,343,195	2,303,328

* * *

City National Bank and Trust Company of Chicago announces the recent election of Philip R. Clarke as Chairman of the Board of Directors; A. R. Floreen as Vice-Chairman of the Board of Directors, and Arthur T. Leonard as President. These advancements follow the death of Gen. Charles G. Dawes, Chairman of the Board, whose death in April was noted in our May 17 issue, page 2062.

* * *

NATIONAL BANK OF DETROIT AT DETROIT, MICH.

	June 30, '51	April 9, '51
	$	$
Total resources	1,590,053,809	1,539,407,255
Deposits	1,506,063,895	1,457,121,675
Cash and due from banks	410,738,406	380,361,479
U. S. Govt. security hldgs.	706,372,359	709,601,184
Loans & discts.	336,849,405	313,694,255
Undivided prof.	7,940,499	7,326,580

* * *

FIRST NATIONAL BANK IN ST. LOUIS, MO.

	June 30, '51	April 9, '51
	$	$
Total resources	487,079,016	491,653,426
Deposits	445,784,630	453,485,912
Cash and due from banks	124,830,735	124,792,209
U. S. Govt. security holdings	128,380,001	123,802,189
Loans & discounts	163,117,078	173,671,356
Undivided profits	5,569,603	6,609,594

* * *

A booklet commemorating its 75th anniversary had been issued in attractive form by the **First National Bank of Columbus, Ga.** In the Foreword to the brochure, it is stated that "the general theme is our building of architecutral beauty which was erected about the time of the Civil War. The metal exterior, which was fabricated in Pittsburgh, was shipped to Columbus entirely by river transportation." It is further stated that "it is our desire in this book to show the bank's building and equipment, and the men and women behind it, as it is today. No attempt is being made to review its historical record of service to the community." Harbin K. Park is President of the bank, William B. Langdon, Vice-President and Cashier, and W. Ford Pearce, Vice-President and Trust Officer. The bank has a capital stock of $300,000, surplus of $400,000 and undivided profits of $158,732. Deposits total $13,076,657, while total assets are shown as $14,103,588.

* * *

The capital structure of the **Citizens National Bank in Waxahachie, Texas,** has been increased from $400,000 to $500,000, effective June 12, following its approval by the Comptroller of the Currency. According to the local paper, it was explained by Robert A. Vineyard, Executive Vice-President of the bank, that expansion of the capital structure from $400,000 to $500,000 was accomplished through the sale of 1,250 shares of stock of $25,000 par value for $75,000, which was oversubscribed by the bank's shareholders and by the transfer of $25,000 from the earnings account of the bank. It is stated that capital funds of the bank have more than tripled during the 20-year period from 1931 to 1951, while deposits are more than six times as great as they were at the beginning of the 20-year period, when they totaled only $980,000. At that time the capital structure was $150,000. In 1941 the capital funds amounted to $300,000, with deposits at $1,820,000. The April 9, 1951, statement, it is stated, showed that deposits had grown to an amount in excess of $6,000,000 and today the capital structure has grown to one-half million dollars. M. E. Singleton Jr. is President of the bank.

* * *

The Anglo California National Bank of San Francisco, Cal., opened its new Parkmerced office on July 2, Allard A. Calkins,

President, has announced. Located at 35 Cambon Drive, in the new Parkmerced shopping center (San Francisco) and designed in contemporary style, this latest addition to the Anglo system is Anglo's 12th office in San Francisco and its 30th in northern and central California. Ralph V. Johnson, Assistant Vice-President, is Manager and Charles D. Kennedy, Assistant Manager.

* * *

The United States National Bank of Portland, Oregon, elected three new staff members at the June meeting of the board of directors. W. D. Beebe was named Assistant Cashier and H. E. Butler and J. D. Bird were appointed Assistant Trust Officers. Mr. Beebe has been with the United States National since August, 1927. During World War II, he spent three years in the U. S. Army Air Corps finance division. Mr. Bird joined the bank in 1936 and Mr. Butler in 1939. Both have been with the bank continuously since that time except for war service. Mr. Bird served with the U. S. Navy for 3½ years and Mr. Butler spent more than four years in the U. S. Army Air Corps. The appointments became effective July 1, according to E. C. Sammons, President of the bank.

* * *

Barclays Bank (Dominion, Colonial and Overseas) announced on June 28 that Arthur Stephen Aiken has been elected a Vice-Chairman of the Board.

Judge Clancy Rules Against Otis & Co. in Kaiser-Frazer Suit

Statement issued by Otis & Co. says decision will be appealed to a higher court.

Judge John W. Clancy of the Federal Court, on July 2 rendered a decision in favor of the Kaiser-Frazer Corporation in the suit for breach of contract against Otis & Co., Cleveland bankers, in connection with the refusal of the latter concern to complete a contract to underwrite a $10 million issue of the Kaiser-Frazer Corporation. The amount of damages awarded was increased from the original total of $2,588.919 to $3,120,743. The increase resulted from the granting of interest to plaintiff from Feb. 9, 1948 to the date of the court's ruling. The award also includes costs incident to the litigation.

Subsequent to the decision, Otis & Co. issued the following statement:

"Otis & Co. is proud that it resolutely refused to be a party to Henry and Edgar Kaiser's attempted raid on the investing public in 1948. We will, of course, appeal this decision, which it will be recalled is the exact opposite of the decision handed down by Federal Judge Morris, with the identical facts before him.

"We are confident the Kaisers will finally be brought to book for their ill-advised attempt to extract $11,700,000 from investors on the basis of the false and misleading Kaiser-Frazer prospectus and the heavily padded profit statement that they presented to the underwriters and the public.

"Owners of the $57,000,000 of Kaiser-Frazer stock issued in 1945 and 1946 have seen their investment all but wiped out by Kaiser mismanagement and extravagance, while they have had no return on their investment. Kaiser-Frazer's operating losses of more than $39,000,000 in 1949 and $13,000,000 in 1950 are proof positive that the company simply cannot succeed under Kaiser domination.

"Otis & Co. had nothing whatsoever to do with the Masterson suit. Mr. Masterson is a highly respected member of the bar of his community. He purchased Kaiser-Frazer stock at $20.25 a share in the 1946 public offering. Having sustained a severe loss, he brought suit against the Kaisers and others associated with them in a courageous effort to cover his own losses and those of other stockholders. The only hope for recovery for the stockholders still lies in requiring restitution by the Kaisers.

"The 30,000 stockholders of Kaiser-Frazer have our deep sympathy; we are relieved that a further group of investors was spared a similar unhappy fate by our withdrawal from the 1948 financing."

Orvis Brothers Opens Jackson Heights Branch

Orvis Brothers & Co. has announced the opening of its new office in Jackson Heights, N. Y., affording residents, business and professional people in that area, for the first time, complete facilities for the transaction of security and commodity business. Connected to the firm's main office in downtown New York City, the new branch will be staffed by John C. Cronin, Robert W. Terry and George M. Corning, each of whom has been engaged in the securities business for many years.

Bankers Offer RR. Equip. Trust Ctfs.

Halsey, Stuart & Co. Inc. and McMaster Hutchinson & Co. on July 5 publicly offered $1,950,000 New York, Chicago & St. Louis RR. 3% equipment trust certificates to mature $65,000 each Jan. 15 and July 15, 1952 to 1966, inclusive. The certificates will be issued under the Philadelphia Plan and were priced to yield from 2.25% to 3.10%, according to maturity.

The certificates were offered subject to approval of the Interstate Commerce Commission and are secured by new standard—gauge railroad equipment estimated to cost $2,446,453.

Dresdner, Thropp Co. Formed in Trenton

TRENTON, N. J. — Dresdner, Thropp & Co., Inc., has been formed with offices in the Trenton Trust Building to engage in the securities business. Officers are: Karl P. Dresdner, President; P. D. Thropp, III, Vice-President, and G. A. Phillips, Secretary-Treasurer. Mr. Dresdner was formerly with Hemphill, Noyes, Graham, Parsons & Co.

Quinby Merges Two Stock Purchase Plans

ROCHESTER, N. Y. — H. Dean Quinby, Jr., President of Quinby & Co., Inc., sponsor of The Quinby Plan for Accumulation of Common Stock of the Du Pont Co., announced the combination of this business with Quinby & Co., a sole proprietorship, which, since 1938, has been sponsor of the Quinby Plan for Accumulation of Common Stock of Eastman Kodak Co. This arrangement, which makes the corporation sole sponsor and underwriter of both Plans, not only eliminates unnecessary duplications in operation but paves the way for extension of The Qunby Plan to other "blue chip" stocks.

H. Dean Quinby, Jr.

Directors of the corporation are Sherman Farnham, Vice-President and Secretary, and Sherwood W. Smith, in addition to Mr. Quinby.

Registration statements covering $2,500,000 in each Plan became effective July 5, 1951.

An interesting fact of considerable importance to The Quinby Plan is revealed by the recent completion of a long-range study of applicable tax rulings. This study makes it appear that all fees which support the services of the Plan are now properly deductible "non-business expenses" for Federal income tax purposes.

More than 2,700 men and women have adopted The Quinby Plan since its establishment in 1938. The 2,100 who have joined the Plan since 1945 have arranged to invest more than $6,000,000 in Kodak or Du Pont stocks in this manner.

With Merrill Lynch Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Betty W. Silverman has become affiliated with Merrill Lynch, Pierce, Fenner & Beane, 301 Montgomery Street.

With Slayton & Co.

(Special to THE FINANCIAL CHRONICLE)

NEW ORLEANS, La. — Joseph W. Mouney is now with Slayton & Co., Inc., of St. Louis.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The Korean cease-fire and armistice could have far-reaching implications, as far as the government bond market is concerned. It is believed in certain quarters that the ending of the Korean conflict could retard and slow down the inflationary forces, and in not too long a period this should be reflected in the money markets and the government security market. Although no important changes are looked for as far as the policies of the monetary authorities are concerned, it is believed a gradual lifting of the inflationary pressure from the outside would be bound to have a salutary effect in time upon the government market.

Although the undertone in the government market is considered favorable, no startling moves in either direction are expected now in these securities. Backing and filling within recent limits appears to be what most operators in the money markets are looking for. Nonetheless, investors seem to be taking somewhat larger bites, and this is not exactly an adverse development. Although short-term rates are bouncing around there is still a lively demand for the so-called liquidity issues. Maturity lengthening appears to be gaining supporters especially in the eligibles.

The continued offering of $200,000,000 additional each week of Treasury bills indicates the government is expecting heavy drains on its cash position, because of enlarged defense expenditures. How much will be raised by this method is a matter of conjecture, but it is believed in some quarters the Secretary of the Treasury may pick up between $2 billion and $2½ billion in additional funds, which should take part of the strain off the Treasury's finances. The market is still very much in the liquidity preference category, so the additional offering of Treasury bills is supplying a demand that is really existent. It is also the cheapest way to raise money.

Market Viewpoints Vary

There seems to be a variance of opinion as far as the government market as a whole is concerned. Some hold the belief that there is likely to be a leveling off in quotations around current levels, because the large institutions, which have been sellers, but withdrew temporarily, are getting ready to again let out Treasuries in order to get funds for other investments. So far this selling has been on a reduced basis, but it is indicated it could be stepped up if buyers were inclined to make larger commitments. Liquidation of this type must be done, and it is of a continuing nature, for a time at least, and this is what tends to temper the feelings of certain followers of the money markets. On the other hand, there are no opinions among this group that quotations will be unduly depressed by the anticipated liquidation. An orderly market confined to recently established trading areas is what is being looked for, with a mixture of professionalism, investment buying and official support making this possible.

Others in the financial district seem to believe the government market is developing a firm undertone because of increased taking by investors, and this in their opinion should result in gradually improved quotations in a market which should be less on the defensive, with the passing of time. This idea seems to apply more to the eligibles than to the restricted obligations, but at the same time a firmer market is also looked for in certain of the non-bank obligations especially the ones that will be available for purchase by the commercial banks next year. It is expected, with the passing of tight money, the eligibles, especially the 1956/58s, the 1956/59s, the September, 1967/72s and the longer partials should do better market-wise. It is reported that certain deposit banks have been buyers of the aforementioned issues, even though there have been borrowings in order to acquire these securities. It is the belief of this group that a definite extension of maturities is being undertaken and this will be broadened as soon as the commercial banks are in a position to do it on a larger scale.

Recent Market Transactions

Out-of-town deposit banks have been in the market in not too large amounts so far, but in somewhat increased volume from what has been the case in the 1956/58s, the 1956/59s and the longest eligible bond. The thin market in these three issues has not helped these purchasers too much, because there is still a definite tendency to shy away from them when quotations are marked up. Nonetheless, considerable success has been reported by these institutions and prices, it is indicated, have been satisfactory on the obligations that were acquired.

Spot buying and switches appear to have assumed some importance again, because there is still a tendency among owners of government bonds to attempt to improve their positions, particularly looking to the not distant future when better prices are expected in the longer Treasuries. Those that are able to do so continue to acquire the 1952 eligible tap bonds, and, according to reports, a not unimportant amount of these purchases have come about through switches. Although the 1962/67 is still the bellwether or the near-eligible restricted group, there has been somewhat increased taking in the June 15 1959/62s.

The partially-exempts, particularly the last three maturities, have been making a not unsatisfactory showing, with the larger deposit banks again the leaders in acquiring these obligations. The mid-west institutions, according to reports, have been very much interested in the 2⅞s, and the 1960/65s. State and municipal bonds, although awaiting the Public Housing financing, have been finding homes in trust accounts.

Joins Coburn Middlebrook

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn. — Lewis E. Oakley is with Coburn & Middlebrook, Inc., 100 Trumbull Street. He was formerly with Tifft Brothers.

Fahnestock Adds

(Special to THE FINANCIAL CHRONICLE)

NEW HAVEN, Conn.—Harry L. Dole has joined Fahnestock & Company, 205 Church Street. He was previously with Smith, Ramsay & Co.

Continued from page 4

Wilson Pleads for More Controls

commodities which had lagged behind the general advance.

Since February, there has been a general leveling-off of prices. This is due to the general freeze and succeeding price orders, and to the end of the panic buying that occurred after the Korean invasion began.

But we are now entering a period when inflation safeguards will get their severest test. Up until now, our huge government orders for defense production have been in the blueprint stage. Our defense industries have been tooling up. Soon these industries will be in full production while, at the same time, the production of civilian goods will diminish.

Meantime, people will have more money in their pockets from defense industry pay checks and there will be fewer articles to buy. Therefore, inflationary pressures will increase tremendously and the strongest kind of sandbags will be needed to keep them within bounds.

What will it profit America to build up its might only to go bankrupt in the process? And what will it profit America to shed the blood of her men in Korea only to fall asleep when the fighting there is over?

My fellow-countrymen, I am more worried than ever before in my life about America's safety—and in that life I have witnessed two world wars. I can't believe that Soviet Russia, in coming out for a truce in Korea, has altered its long-term plans. I can only believe that it is but the latest maneuver in a continuing series of actions designed to weaken the free world.

Cites Russian Aggressions

Patrick Henry said: "I have but one lamp by which my feet are guided, and that is the lamp of experience." Our bitter and bloody experience since the second World War ended has shown that we cannot relax in the struggle with Soviet Russia.

We have seen Communists attempt to conquer Greece, to blockade Berlin, to win political victories in Italy and France, to seize Malaya and Indo-China.

We know that Russia did not really demobilize after the last war. In 1946 the proportion of Soviet national income devoted to military expenditures was twice as high as in the United States. In the following four years, the Soviet Union was spending three times as great a proportion of its national income on armaments as was the United States.

Just to give you an idea of what inflation has already done to our defense program, I will repeat a statement by General Marshall. He said that of the $35 billion authorized for defense in the past fiscal year, $7 billion had been lost in higher prices.

This is too vast a sum for the mind to grasp, but the added costs are easier to understand when brought down to earth. Thus a pair of combat boots cost $5.22 before Korea—the government pays $11.63 for them now. Wool shirts have gone up from $7.84 to $17.35. The cost of blankets has risen from $9 to $21. The Garand rifle from $40 to $64. The heavy anti-aircraft guns from $160,000 to $250,000. The General Patton-type tank from $193,000 to $240,000.

The two tax increases voted by Congress last year have been virtually nullified by increases in costs. The further tax increase now being considered by Congress could be swallowed up by rising prices.

Let us consider all these facts when we are inclined to lean back and relax as a result of the possible Korean truce. They spell trouble in the future—perhaps in the immediate future. That is why we must go ahead with the preparedness program on which we have embarked and which is now well under way. That is why we must continue to fight inflation—domestic enemy number one—with all the weapons at our command.

When I took on the job as Director of Defense Mobilization last December, the President and Congress gave me the tools to work with. I needed every one of them and I still do. But I cannot work effectively with the handcuffs the pressure groups are forging for me now.

Americans aren't quitters. If they understand the grave dangers that confront our country, they won't quit on a program designed to promote our military might, quickly and adequately.

They won't quibble at the bill to provide for our security — or refuse to make the sacrifices necessary to pay the bill. They will whole-heartedly accept the controls they hate in normal times —to insure the safety of the nation.

Those are the decisions the current world situation requires of you, my fellow Americans, in this very month of July.

R. K. Agnew App'td By Marsh, McLennan

CHICAGO, Ill. — Hermon D. Smith, Executive Vice-President of Marsh & McLennan, Inc., 231 South La Salle Street, has announced the appoinment of Richard K. Agnew, formerly Assistant Manager, as Manager of the Life Department of the Chicago office, succeeding W. Carson Hodges who has retired due to ill health. Howard I. Potter, Vice-President, will continue as heretofore to supervise the general activities of the Life Department.

Mr. Agnew, a graduate of Knox College, started in the life insurance business in 1929 in the home office of The Travelers Insurance Co., Hartford, Conn. He was transferred to Seattle in 1934 to head the Travelers Group Field Service office at that point and then in 1936 he was transferred to the Travelers' Peoria office to open a group sales office covering the State of Illinois outside of Cook County. In 1939 he was transferred to Chicago and made a district group supervisor.

In March of 1942 he was commissioned a Lieutenant in the U. S. Naval Reserve and in October of that year, after four month indoctrination, was assigned to active duty which took him into both the North and South Atlantic. He was released in October of 1945 with the rank of Lieutenant Commander and started with Marsh & McLennan, Inc., on November of that year.

Mr. Hodges has been with Marsh & McLennan since 1937. He was made Manager of the Life Department in 1949 after having been Assistant Manager for four years. He had been on a leave of absence for several months due to illness prior to his retirement.

Joe McAlister Adds

(Special to THE FINANCIAL CHRONICLE)

GREENVILLE, S. C. — William R. Shives has become associated with Joe McAlister Co., 8 Church Street.

Albert V. Fischer

Albert V. Fischer, member of the New York Stock Exchange, passed away at the age of 60 of a heart attack.

Bank and Insurance Stocks

By H. E. JOHNSON

This Week — Bank Stocks

The higher operating earnings of member banks shown for 1950 resulted primarily from the increase in earnings on loans. This information together with a detailed analysis of member bank operations for last year was recently published in the May Federal Reserve Bulletin.

Net profits for 1950, after adjustments for recoveries and profits, losses and charge-offs and additions to valuation reserves amounted to $781 million for the 6,873 member banks of the Federal Reserve System as compared with $686 million for 6,892 banks a year earlier.

An increase of 23.4% in outstanding loans and a higher rate of return on these loans was the principal reason for the larger earnings from this source. Other factors contributing to the gain in net profits for the year are shown in the following tabulation taken from the article in the Federal Reserve Bulletin.

FACTOR	Change from 1949
Increase in net profits	+ $95,000,000
Factors increasing net profits—	
Increase in earnings on loans	207,000,000
Increase in other earnings	72,000,000
Increase in profits on securities sold	18,000,000
Decreases in net losses on loans	24,000,000
Decreases in net additions to valuation reserves	4,000,000
Total	+ $325,000,000
Factors decreasing net profits—	
Increases in expenses	131,000,000
Increases in accruals for income taxes	94,000,000
Increases in other losses, net	6,000,000
Total	—$231,000,000

While all operating costs increased during the year, most of the increase in expenses resulted from wage and salary payments. This reflected both a larger number of employees and an increase in the average salary payment.

The higher taxes were also an important factor in limiting the gain in earnings. Only a few of the member banks were affected by the excess profits tax. The higher tax liability resulted primarily from a higher taxable income and an increase in the corporate tax rates.

These same general factors affected the operations of New York and Chicago member banks. The following table shows the earnings of the member banks in these two cities and those of all member banks for the past two years.

(Dollar Amounts in Millions)

	Central Reserve City Banks —New York—		—Chicago—		All Member —Banks—	
	1950	1949	1950	1949	1950	1949
Earnings:						
On U. S. Govt. securities	$145	$148	$48	$45	$865	$859
On other securities	31	26	12	11	190	169
On loans	215	189	48	46	1,634	1,427
All other	121	114	24	21	575	531
Total	$512	$476	$132	$123	$3,265	$2,986
Expenses:						
Salaries and wages	170	164	37	37	1,000	926
Interest on deposits	10	8	11	11	271	261
All others	118	110	30	31	749	702
Total	$298	$282	$78	$78	$2,020	$1,889
Net current earns. before income taxes	$214	$194	$54	$45	$1,245	$1,097
Recoveries and profits	$27	$28	$13	$15	$175	$155
Losses and charge-offs	19	23	7	8	149	166
Net addition to valuation reserves	7	33	9	—1	121	125
Profits before income taxes	$214	$166	$50	$53	$1,150	$961
Taxes on net income	69	55	15	11	369	275
Net profits	$145	$111	$35	$42	$781	$686
Cash dividends declared	$89	$82	$16	$15	$346	$313
Ratios (perçent):						
Net current earns. before income taxes to average total capital accounts	9.20	8.40	11.30	9.90	13.20	12.20
Net profits to—						
Avg. total capital accts.	6.20	4.80	7.40	9.10	8.30	7.60
Average total assets	0.54	0.43	0.49	0.62	0.57	0.53
Earnings on loans to avg. holdings	2.62	2.46	2.85	2.82	4.17	4.04

Net current earnings before income taxes increased in all instances. While recoveries and profits were sufficient to offset other charges against earnings in the case of the New York banks, a substantial increase in addition to valuation reserves was the principal factor in reducing the taxable income of the Chicago banks. In both central reserve cities cash dividends were higher.

The ratios shown in the above table also illustrate some of the foregoing changes. With a higher rate of return on loans, the percentage earned on capital accounts has increased.

These same general trends should continue into the current year. As a result higher earnings from loans and investments should more than offset increases in expenses, and net profits for the year should show a further gain.

New Spingarn Partnership

Howard S. Spingarn and Louis P. Rocker, member of the New York Stock Exchange, announce formation of a new partnership of Leopold Spingarn & Co., following dissolution of the old firm of the same name on July 1, 1951. The firm's offices are at 29 Broadway, New York City.

On July 19 Frank Feldman will become a partner in the firm.

With Baron G. Helbig

Gerrard J. Jackman has joined Baron G. Helbig & Co., 60 Broad Street, New York City, specializing in mutual funds.

L. L. Born Opens

SAN FRANCISCO, Calif.—Leonard L. Born has opened offices in the Russ Building to engage in the securities business.

Jack S. Lewis Opens

EVANSVILLE, Ind. — Jack S. Lewis is engaging in the securities business from offices in the Indiana Bank Building.

Canadian Securities

By WILLIAM J. McKAY

The economic and financial developments in Canada during the first half of 1951 were, on the whole, favorable. It was marked by important expansion in industrial and mining activities, foremost among which was the oil explorations in Alberta Province. This development has been already fully publicized and its significance was well pointed out by the Minister of Mines and Minerals of Alberta in the special supplement of the "Chronicle" of June 28, commemorating the 35th Annual Convention of the Investment Dealers' Association of Canada. The rapidly expanding oil production of Canada is especially important in these times, since it will be a means of balancing the trade position of the Dominion with the United States, and thus relieve the unfavorable exchange position from which Canada has suffered during recent years. It may be expected, therefore, that the two neighboring countries will be able to conduct their trade operations without the handicap of unequal and fluctuating exchange rates.

Canada's increasing gold and other mineral production is also another factor that gives further hope of improvement in the foreign exchange situation of the Dominion. An 8% increase in gold production in 1950 reflected the continuance of a rising trend which had been evident since the end of the war and which brought output in that year to within 17% of the previous maximum, reached in 1941. Since the beginning of 1948, Canadian gold producers have benefited by differential subsidies granted by the Federal Government and averaging Can. $3.34 per ounce in 1948 and Can. $3.50 in 1949. After the devaluation had sent up the price of gold, the subsidies were reduced somewhat (with effect from Jan 1, 1950), and it was expected that the average for the year 1950 would work out at Can. $2.27. The time limit which the original "Gold Mining Assistance Act of 1948" had fixed for the granting of subsidies was extended from the end of 1950 to December 1951, but the scale of payments was somewhat revised, as from October 1950, upon the introduction of a free rate for the Canadian dollar, which led to a certain decline in the price of gold. Under the new scheme in its initial form, a reduction of the proportion of output eligible for assistance and in the maximum rates of assistance from Can. $16.00 to Can. $11.50 per ounce was expected to lead to correspondingly smaller total benefits for the producers. But in March 1951 the Minister of Finance announced that while the reduction in maximum rates would continue to be applied, the proportion of output eligible for aid was being increased, these two factors roughly offsetting each other in their effect on total payments. This course of action has been chosen as an alternative to allowing producers to make the premium. The question has been discussed with the International Monetary Fund, which raised no objection to this proposal.

Notwithstanding the Canadian industrial expansion in the current year the unfavorable balance of trade, particularly with the United States, continued.

In a total trade for the first five months of 1951 valued at about $3,000,000,000, the unfavorable balance ran to about $300,000,000 —about 20 times higher than the $14,300,000 deficit in the same period last year.

Canada normally is a surplus-earning country, selling more to the world than she buys.

This year, however, Canada is in the midst of unprecedented industrial expansion, resulting in huge purchases of machinery and equipment from the United States and other countries. In addition, she is placing multi-million-dollar orders in the U. S. for defense equipment.

These two developments are partly responsible for the climb in imports from the U. S. to $277,000,000 in May, up $81,500,000 from $195,500,000 in May last year.

Exports in the same month failed to keep pace. Shipments to the U. S. totaled $211,500,000, up $34,200,000 from $177,300,000, resulting in a deficit of $65,500,000, sharply up from last year's $18,200,000.

In trade with Britain, exports also declined. Sales totaled $47,300,000, slightly lower than last year's $48,700,000. Imports increased to $43,500,000 from $36,300,000, giving Canada a surplus of $3,800,000, a decline from a surplus of $12,400,000 last year.

Until the rapid rate of industrialization Canada is now experiencing subsides, it is expected that the adverse trade balance will continue, though higher prices for Canadian forest, agricultural and mineral products and a larger volume of exports of these materials in the future may offset this tendency.

Both retail and wholesale prices in Canada seem to be leveling off, and while the business community anticipates scattered price increases due to shortages of materials, the consensus seems to be that for the next few months at least there will be a downward pressure on prices as tighter credit policies force retailers to reduce inventories. Businessmen are paying close attention to the price war in the United States, but thus far there is believed to be no real indication that it will spread across the border.

It has been announced that Canada will supply France with 2,500 tons of newsprint. It was stated that some cutback in the North American consumption of Canadian newsprint may be necessary to meet emergency allocations for NATO countries. On June 15, Sir Hartley Shawcross announced that the British Newsprint Supply Company has been authorized to conclude new contracts with Canada for 525,000 tons of newsprint in the three years ending in 1954. Canada has promised 300,000 tons but cannot guarantee the rest.

In early June one of Canada's largest newsprint producers announced that, effective July 1, the price of newsprint would be raised by $10 a ton. Other Canadian producers promptly announced that they would go along with this increase, which, in effect, lifts the price of newsprint in New York to $116 a ton, the highest in the last 30 years.

This action brought protests from United States users since 85% of United States newsprint comes from Canada, and Washington called upon Canadian officials to suspend the price increase until a study of the situation had been made. It was hinted that the United States might retaliate by slashing the volume of defense orders which this country is placing in Canada.

Frank J. Smith With S. Weinberg & Co.

S. Weinberg & Co., 60 Wall St., New York City, announce that Frank J. Smith, formerly with J. Arthur Warner & Co. and Allen & Co., has become Manager of the Contact Department.

Sherwood W. Bump Opens Office in Santa Monica

SANTA MONICA, Calif.—Sherwood W. Bump is engaging in the securities business from offices at 225 Santa Monica Boulevard. He was formerly with Lester & Co., Walston, Hoffman & Goodwin and Merrill Lynch, Pierce, Fenner & Beane.

S. F. Exchange Member

SAN FRANCISCO, Calif.—Paul A. Pflueger, of Pflueger & Baerwald, was elected to regular membership in the San Francisco Stock Exchange, it was announced by Ronald E. Kaehler, President of the Exchange. Mr. Pflueger acquired the membership by transfer from Ernst Baerwald, who is retiring as a general partner in the firm; however, Mr. Baerwald will continue as a limited partner.

Mr. Pflueger, a native of San Francisco, began his business career with the Humboldt Bank. After its merger into the United Security Bank & Trust Co., he became Executive Vice-President and in January of 1929 joined the firm of Max I. Koshland & Co., predecessor of Pflueger & Baerwald. Mr. Pflueger has been a member of the Governing Board of the San Francisco Stock Exchange and has served on all of its most important committees.

With Putnam & Co.

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn.—John Ray Camp and G. Holbrook Barber, Jr. are with Putnam & Co., 6 Central Row, members of the New York Stock Exchange.

Railroad Securities

Outlook for Rail Earnings and Dividends

During the past couple of months there has been considerable crying over the supposed plight of the nation's railroads. Disaster has been predicted freely (if not overtly at least in market action) because of the squeeze being exerted by the continuing upward spiral of wages on the one hand and the inflexible rate structure on the other. There can obviously be no quarrel with the contention that the railroads are in need of, and fully deserve, higher freight rates. Also, there is no question but that the machinery for getting the necessary rate increases is cumbersome and unduly lengthy.

Granting all of the above factors it is notable that the face of the consistently dire predictions railroad earnings do continue to expand. It has recently been estimated by the Association of American Railroads that net income of the Class I rail carriers for the month of May amounted to roundly $50 million. This would represent an increase of some $10 million from the like month a year earlier. Also, it would be approximately $5 million greater than net realized in the preceding month, April, 1951.

For the full five months through May, 1951, gross operating revenues of the Class I roads climbed above $4 billion. This was a gain of more than 20% compared with the first five months of 1950. It was also greater than total annual gross revenues in any of the eight years 1932-1939, inclusive, and about in line with revenues for the full years 1931 and 1940. It is true that there has also been a sharp year-to-year increase in operating costs so far this year. This will be further aggravated by additional cost-of-living wage increases called for under existing labor contracts. Nevertheless, estimates place net income, after charges and taxes, at around $197 million for the five months of 1951. In the like period a year ago net income amounted to $133 million.

The traffic level is definitely flattening out. While car loadings in June continued above the level of a year ago the rate of increase was appreciably less than it had been in earlier months. Presumably the cut-backs in certain civilian lines will continue and there is still a considerable lag in the defense production schedules. In addition, some of the agricultural crops are smaller this year than last. Finally, there is apparently little possibility that any additional freight rate increases will be forthcoming in the immediate future. Considering all of these factors it is possible that railroad earnings comparisons for the next couple of months will be less favorable than they have been in past months.

While the early future outlook for railroad earnings may be somewhat uncertain, the prospects for the fall appear to be distinctly promising. Certainly it appears reasonable to expect that by early September at the latest a fairly liberal increase in freight rates will have been approved and put into effect. All present indications point to the likelihood that expanded defense production will, by early fall, be taking up the present slack in civilian production, and perhaps more. This is true regardless of the outcome of the present talks in Korea. Finally, it is the general feeling among analysts that many of the railroads will by that time be moderating their heavy maintenance programs.

It is rather difficult at this time to make any definite predictions as to what net income will be for the full year, particularly with the tax question still unsettled. One thing that must be kept in mind is that the railroads will not this year have the retroactive mail pay windfall they accrued in December last year. Even without that, however, and granting a reasonably fair rate increase, the carriers should be able to come at least close to matching the $783 million net income of 1950. This, in turn, should mean some very pleasing dividend news later in the year and early in 1952. On this basis a considerably stronger rail market should be possible over the intermediate term.

Bond Club of Detroit Annual Golf Party

DETROIT, Mich. — Reginald MacArthur, Kenower, MacArthur & Co., President of the Bond Club of Detroit, announces the Annual Summer Golf Party to be held at the Essex Golf and Country Club, Sandwich, Ontario, July 20, 1951.

The program will start at 9 a.m. and will include golf, with competition for the Michigan Investors Cup, horseshoes, putting contests, winding up with a buffet dinner at which prizes for the various events will be awarded.

Arrangements are under the direction of Victor P. Dhooge, Chairman, Manley, Bennet & Co.; Horatio N. Cannon, McDonald-Moore & Co.; T. Norris Hitchman, Kenower, MacArthur & Co.; and Robert D. Savage, Crouse & Co.

Banning Partner in Shearson, Hammill Co.

Announcement is made today by Shearson, Hammill & Co., members of New York Stock Exchange, that William P. Banning has become a general partner of the firm in their Los Angeles office, 520 South Grand Avenue. Mr. Banning joined Shearson, Hammill & Co. in 1948 when that firm absorbed Bogardus, Frost & Banning.

A member of a pioneer California family, he has been associated with the investment business for 25 years and has been Regional Manager for Shearson, Hammill & Co.'s Los Angeles, Beverly Hills and Pasadena offices.

Gold, Freedman Co. Formed in N. Y. C.

Max Freedman, formerly partner Ernest Smith & Co., and Leo Gold, member of the New York Curb Exchange, formerly partner Chas. Weinstein & Co., announce the formation of Gold, Freedman & Co., members of the New York Curb Exchange, 115 Broadway, New York City.

Continued from first page

As We See It

housetops daily. But it is also true that they are for the most part merely "harping on my daughter." They are saying just what they have been saying since the outbreak in Korea caught them flatfooted a year or more ago, and, unfortunately for them, events have not to this time supported their analysis of the situation. It is indeed in substantial part because of all this sort of preaching during the past 12 months that the rank and file find it extraordinarily difficult to arrive at definite and realistic conclusions at this time.

Past Blunders

It is now generally recognized that the United States and the other countries with which this country is now closely associated blundered in supposing that Soviet representations at the war's end were in good faith. It is evident enough that Mr. Stalin is no more to be trusted than Herr Hitler was. Equally clear is it that the Kremlin has, and always has had, designs on much of the world's surface and many of the world's peoples, many more than did the Axis of World War II. No one would claim that all will be sweetness and light in international relations from this time forward—quite regardless of the outcome of the truce conference now in process in Korea. We have been plunged—or have plunged ourselves—into the whirlpool of what is known as power politics, and we cannot afford to forget that fact for one moment.

We claim, and we keep reasserting, that we have no territorial ambitions and no designs on any other land. Generally speaking there is doubtless substance in these disclaimers. The fact remains, however, that a good deal of our foreign policy easily takes on the appearance of the behavior of countries in the past which did have very real ambitions and very significant designs on other lands and other peoples. More than that, we have repeatedly announced to the world—and our action in Korea supports our statements—that we intend to fight for the *status quo* in all really important sections of the world. We prefer to call it "resisting aggression" or something of the sort, of course, but it is hardly distinguishable from a general defense of *status quo* in most instances.

Now such policies as these carry very important implications. We should certainly be silly not to face this fact. Those implications, if we really mean what we say, are certainly not free from serious hazards to this country. Throughout all history, the world at large has been no respecter of the *status quo*. What we now call aggression and imperialism has been the order of the day since the dawn of history. It may well be questioned whether there are more than a very few important countries which at the bottom of their hearts are determined that this new doctrine of ours shall generally prevail. The lack of support from other United Nations members in Korea is significant.

A Real Job

To put the matter briefly and bluntly, we have cut out a real job for ourselves as world policeman determined to put an end to what we are pleased to term "aggression." There are those who are now very proud of the fact that we acted in such a capacity in Korea. They keep saying that we have now proved to the world that we are willing to go to war if necessary to maintain the *status quo* in some instances at least. They seem to suppose that this is a long, long step toward enduring world peace. They call it realization of the Wilsonian dream of a war to end all wars, the League of Nations concept and all the rest.

We are obliged to confess a little skepticism about all this, but be that as it may, any such undertaking on our part implies the necessity of being prepared to do what we are constantly shouting that we intend to do. We certainly ignored this aspect of the case after World War II. We could scarcely have been less prepared when "aggression" broke out in Korea last summer. We are really not even now sufficiently armed to do some of the things we have been telling the world we would do. There can be no doubt that in all these things our position is different from what it has ever been in the past — different, that is, because we have made it so. The fact is that we have gone so far now it would be difficult to change our course quickly in the face of any one of a dozen situations which the Kremlin could easily create for our benefit.

What Is Needed?

But just what is required of us in order to meet such a situation adequately and effectively? That is the real question. It is obvious enough that there has been a good deal of exaggeration in what has been coming out of Washington during the past year. The man in the street is thus quite warranted—indeed, we do not see how he could avoid it—in wondering whether the "warnings" now emanating from the White House, and from many others who take their orders from the White House, are not exaggerated. Far from wishing to denounce those who have been rebelling recently, we find in much that they have been saying a healthy streak of hard common sense.

Quite evidently the people of this country will have to make up their own minds as to what is necessary in the circumstances, and act accordingly.

Francis Adams Truslow

Francis Adams Truslow died July 8 en route to Rio de Janeiro. Mr. Truslow, who was the second paid President of the New York Curb Exchange, had resigned from that post March 1. He was appointed head of the United States-Brazil Joint Commission for Economic Development by President Truman on May 2. He was on his way to take up his duties when he passed away.

Mr. Truslow was thoroughly familiar with South American economic conditions. He was head of the Rubber Reserve Company, a U. S. Government agency, during World War II formed to exploit South American rubber production.

While acting as associate counsel for the New York Curb Exchange, Mr. Truslow assisted in the drawing up of the Securities Act of 1933. He was elected President of the Curb in 1946.

Hoppin Bros. to Admit

Hoppin Bros. & Co., 120 Broadway, New York City, members of the New York Stock Exchange, will admit Theodore E. Stebbins to limited partnership on Aug. 1.

Daniel F. Rice Opens New Chicago Branch

CHICAGO, Ill.—Daniel F. Rice and Company, members of the New York and Midwest Stock Exchanges have opened a branch office at 188 West Randolph Street, in charge of Harry E. Rice. Bernard M. Pickard is associated with the office as account executive. This is the first branch established in Chicago's Loop district by a stock exchange firm.

Blancke Noyes Admitted By Hemphill, Noyes

Blancke Noyes has been admitted to limited partnership in Hemphill, Noyes, Graham, Parsons & Co., 15 Broad Street, New York City, members of the New York Stock Exchange.

David Gadlow Opens

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—David B. Gadlow has opened offices at 110 Sutter Street to engage in the securities business.

Public Utility Securities

By OWEN ELY

Minnesota Power & Light

Minnesota Power & Light serves a substantial part of the central and northeastern part of the state—about 7,500 square miles with a population of 275,000—and a subsidiary serves the city of Superior, Wisconsin, near Duluth. The company's electric system and that of its subsidiary are interconnected and integrated.

The major industry in this area is iron ore, about two-thirds of all U. S. ore coming from the Mesabi, Vermilion and Cuyuna ranges. Mines producing this ore are almost entirely electrified with power purchased from the company. As a result about 48% of the company's revenues are industrial, and only 25% residential.

The company is largely hydro and last year obtained 60% of its output from water power and 40% from steam. Water conditions have been generally favorable this year and reservoirs are currently about 95% full.

American Power & Light Company, which formerly owned 84.6% of the company's common stock, distributed its holdings to its own stockholders in February, 1950. The earnings and dividend record has been approximately as follows:

	Consolidated Share Earnings	Dividends Paid
1950	$3.33	$2.20
1949	3.91	2.30
1948	3.12	2.01
1947	3.40	2.20
1946	2.88	.39
1945	1.97	.19
1944	1.35*	--
1943	1.81*	--
1942	1.08*	--
1941	1.26*	--

*Based on shares outstanding Dec. 31, 1945.

Earnings for the 12 months ended May 31st were $3.40, a moderate gain over the calendar year 1950 despite higher taxes.

Minnesota Power & Light's common stock sells on the New York Stock Exchange on a rather generous yield basis (about 7¼%) possibly because of the company's heavy concentration of sales to mining companies, and the opinion held in some quarters that the high-grade iron ore reserves in Minnesota are being rapidly depleted. This conclusion has perhaps been exaggerated. There are still about 1.3 billion tons of high-grade ore, enough to last about sixteen years if no new reserves are brought in. However, in the past, two new tons of ore have been discovered for every three tons used. Moreover, the amount of reserves reported are usually held to a minimum, since they are taxable.

There are also, of course, billions of tons of taconite or low-grade ore. This ore is crushed to a powder, and the grains of iron ore are separated and fused into pellets which are then shipped to the furnaces. A great deal of development work is being done. One pilot plant, which can produce 200,000 tons a year, is already in operation and two others with 800,000 tons output, are being built. Much larger plants are being planned. It takes about 20 times as much electricity per ton of ore to operate a taconite plant as a high-grade mine, and also the mining of high-grade ore takes more processing now than formerly.

It is probable that the taconite plants (sponsored by the large steel companies) will finance and build their own power plants, under some joint arrangement with Minnesota Power & Light. The company would furnish the "know how" and perhaps obtain some of the power (although operation of the mine and crushers would have to be on a continuous basis). The company would, of course, get the benefit of local residential and commercial business adjacent to the new plants.

Minnesota Power & Light has enjoyed consistent and steady growth—about 7% per annum compounded since 1933, and 10% since the war. There are about 20 million acres of forest land in Minnesota, mostly in the company's area, and lumbering produces about $150 million a year. Manufacturing activities are very well diversified and many large firms have established branches in Minnesota, finding labor conditions and labor legislation very favorable, with few strikes as a result. New refineries are being built to handle oil brought in from the new pipe-line from Canada to Superior. Tourist and vacation business is large—about $50 million a year from 700,000 visitors.

The company's rate schedules are protected as to about 80% of fuel costs, and also carry a commodity adjustment clause and protection against sales taxes. There is no State Commission in Minnesota with jurisdiction over electric and gas rates.

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The Utility Outlook

about over a period of barely more than two years.

The special provisions for regulated industries which determine permissible earnings before excess profits tax liability recognize the right to earn an allowable return after taxes of 6% on capitalization, less interest paid. Present day regulation also recognizes the urgency of expansion by permitting addition to the rate base in effect of half of the budgeted new capital requirements for 12 months ahead. As a consequence, excess profits taxes are not a factor to be considered when properties earn 6% or less, whereas the composite rate of return for the industry was 5.8% last year.

Higher normal and surtax rates on a retroactive basis have been indicated tentatively by the House Ways and Means Committee in voting for an increase from 47% to 52%. Since the enactment of the revenue laws the industry has hurdled a 23.8% increase in Federal income taxes, from 38% to 47%, largely through growth, economies in operations, improved load factor, and rate increases where necessary. In viewing a possible further increase of 10.6% from present levels one should not overlook certain compensating factors. In the first place, the industry is growing rapidly in an expanding economy. Also, the maximum probable increase in tax rates is less than that enacted last year. Of still greater importance, the state regulatory commissions have indicated publicly through spokesmen for their national association, as well as for the individual commissions, that any increase in Federal income tax rates should be borne generally by the consumer. Rates of electric utilities are exempt from ceiling price control regulations.

Relief from an inadequate rate of return was practically ruled out under the first excess profits tax of the last war. An increase of about $7 in rates was required to raise net income by $1. Under the present law, if normal and surtax rates are increased to 52%, as proposed, an increase in revenues of $2 will permit the utility to carry through about $1 to net income. The present situation is thus much more favorable. At a very recent date authoritative sources reported that since 1947 there has been a total of 231 electric rate actions. Of these, 202 requests for increases were granted in full, 21 were still pending, four were denied, and four were withdrawn because they were predicated on an increase in fuel costs, whereas the price of fuel went down. As a consequence, private class A and B electric utilities earned last year approximately 5.8% on capitalization as of the year-end. Gas utilities were much harder hit by rising costs during this period than electric utilities and, consequently, had to come to the commissions for a relatively greater measure of relief.

If corporate taxes are increased from 47 to 52%, the utility industry will again have to apply for rate relief. Contacts with management appear to indicate that they are generally alert to the needs of the situation and, if published statements of various commissions are any indication, equitable decisions may be anticipated. Furthermore, expansion of capacity is fully recognized as necessary to national defense. This requires preservation of earning power to attract new equity capital. Under these circumstances, it would appear that stockholders of the electric and gas utilities need worry less about the continuity of earnings and preservation of dividend coverage than stockholders of almost any other industry. To be sure, managements differ in their aggressiveness and the interest they take in protecting the rights of stockholders. This merely requires proper selection, which is the essence of successful portfolio administration.

The Federal Power Commission has just published revenues and income of privately-owned class A and B electric utilities for the year ended March 31, 1951, and a comparison with the previous 12 months. It indicates that the industry has accounted for itself very well. Total kwh sales to ultimate consumers increased 15.2%. Large power sales registered a gain of 20.8%. Total revenues increased by $435,668,000, a gain of 10.8%. The increase in net income for the period was over $43 million, a gain of 5.6%, and this gain was made despite an increase of $408.5 million in operating expense. An excellent control of purely operating expenses as distinguished from taxes and depreciation was indicated. Fuel costs were up only 11.9%, wages and salaries up 8.1%, and all other items of direct operating expense up 2.3%, compared to an increase of 15.2% in output. The uncontrolled items, depreciation and taxes, were higher by 12.2% and 23.4%, respectively.

Taxes increased $195,115,000 to an aggregate of almost a billion dollars. The Power Commission's report of tax increases is shown in Table II.

TABLE II

	12 Months to March 31		
	1951	1950	% Change
Federal E. P. T.	$3,370,000	None	
Federal Income	497,011,000	$359,840,000	38.1%
Other Federal	103,521,000	93,124,000	11.2%
State and Local	392,314,000	354,137,000	10.8%
Total	$996,216,000	$807,101,000	23.4%

A breakdown of the composite tax bill for the industry indicates that the rise in Federal income taxes and other Federal taxes, such as the energy tax, was more serious than the enactment of an excess profits tax. The effect on net income, when translated into an effect on balance to common stock, however, reveals a substantial dilution of common stock earnings.

Earnings available to the common stock of class A and B electric utilities were around $202 million for the first quarter of 1951 as against $203 million for the first quarter of last year. Yet at the end of March this year, plant had increased to $19.345 billion from $17.657 billion at the same time last year, up about $1.684 billion, or 9.5%. To finance this expansion in part, the industry sold around $480 million of additional common stock, but realized no increase in earnings proportionate to the increase in number of shares outstanding. The increase in taxation consumed all earnings from the incremental property. The utilities, of course, did not enjoy the incremental earnings over the full year as there is always a lag between equity dilution to finance new construction and the development of the full earning power of the expanded properties. Were it not for the fact that the regulatory authorities appear to be fully cognizant of the serious implications of higher tax rates, the earnings prospect of utility equities might be dubious. Some utilities are being hurt by taxes more than others, and as indicated before, managements differ greatly in their interest in their stockholders. It is my belief that with due consideration of the usual investment criteria, a reasonable formula for selecting utility common stocks in this market would place emphasis on the following conditions: (1) a low rate of return on investment capital, (2) good outlook for growth, (3) management, and (4) a favorable atmosphere of rate regulation.

Depreciation in the year ended March 31 reached a new high of $445.5 million for the electric utilities in line with increase in plant. Applications filed for certificates of necessity to permit accelerated amortization are also large in aggregate and will create large amounts of internally generated cash which will be useful to help meet a large construction program. Although the outlook for continued growth looms large for the future, growth on a quantitative basis alone does not necessarily lead to satisfactory earnings. During the postwar expansion in capacity, some of the most rapidly growing properties showed the most adverse financial performance in a period of rising costs. However, important elements of

cost appear to be leveling off.

For the 12 months ended in March, fuel expense accounted for about 17.5 cents of each dollar of electric revenue. There was an increase of 11.9% over the previous year, but less than the 13.6% increase in kwh sales. The price of coal or its equivalent, in spite of higher wages to the miners and increases in transportation costs, has decreased since February, 1949 from $6.49 per ton in 1949 to $6.03 last year, and government controls may well hold down other important items of operating expense.

Given only a reasonable degree of price stability, the utility industry can bring into play its recognized ability to reduce unit costs with growth and improved technology. Since the start of World War II the electric industry has about doubled in size. The $15 billion expansion program completed since the end of hostilities represents about the halfway mark toward the goal projected for 1953. Average annual usage by residential and farm customers has increased over 50% since 1945 and the number of kwh used per man hour in manufacturing is now more than double the amount used during the war. Accompanying this growth the electric utilities have effected important economics in labor.

Like all industry, the utilities have been unable to escape the impact of higher wage rates, but labor costs per unit of output are under much better control. For the year ended March, 1951 the Power Commission reported wages and salaries as taking only 19.4% of gross revenue. This is much less than for most industries and compares with about 50% for railroad labor and as much as 64% for telephone companies.

Over and above savings in labor, the reduction in fuel consumption by the larger and more efficient generating units has been outstanding. In 1942, average fuel efficiency for the industry was reported at 1.30 pounds of coal per kwh, whereas new units have cut fuel consumption to as little as 0.78 pounds. On a composite basis, the industry has reduced consumption during the last decade from 1.340 pounds to 1.189, which is an impressive record considered in the light of annual output last year aggregating 339 billion kwh.

Large dollar savings in expense have arisen from increasing the load factor, which permits greater utilization of a given investment, higher system efficiency that lowers line losses in transmission and distribution, automatic substations that eliminate attendants, to mention only a few improvements. Conversion from manufactured to natural gas has large potentiality in respect to earnings. Not many years ago it was common practice to consider the gas business a dying industry, but conditions are reversed to such an extent that there are now combined gas and electric operations where the tail is literally wagging the dog.

Utility equities at this time have the merit of providing relatively high yields from net earnings possessing a good degree of stability. These are characteristics that should appeal to trustees of large and growing pension funds and other institutional investors.

New equity capital raised by gas and electric companies aggregated around $252 million last year and had to compete with over $188 million of sales for cash by holding companies in the process of breaking-up. This will not continue to be a factor of major importance. The sale in April of over $138 million of common stock by gas and electric companies appears to have marked the peak for some time to come. I anticipate a more orderly market for new equity money than has prevailed in the past.

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Drugs On the Market

with sales zooming from $55½ million in 1945 to an annual rate of about $100 million for 1951. It kept plugging away at the "Bs" and now is reported to have nailed down patents on Vitamin B12 — a boon to sufferers from pernicious anemia, and a growth stimulant which may importantly speed the process from piglet to ham, from calf to steak.

And of course Merck pioneered cortisone — the miracle drug for arthritis. This has been costly to produce but Merck has steadily brought the price down from over $150 a gram in the summer of 1949 to around $20 wholesale right now; and even while this article was being written, Syntex, Inc., a Mexican pharmaceutical (and a very savvy outfit) announced a method of producing cortisone from Mexican yams. How much competition this will give Merck remains to be seen, but Merck has more than stayed even with the field in the past. And investors who've strung along with Merck through the years will never feel at ease selling it short!

In February, 1950 the investing public was given an opportunity to subscribe to common shares of G. D. Searle & Co. at $35. Now, July 6, 1951, this stock having been split 2 for 1, sells about 60. So 100 shares, requiring $3,500 laid on the line 16 months ago, equals $12,000 today. Not bad, eh? Well, how come? The old story, research — and fabulous new products.

Searle brought out in 1950 "banthine," remarkably effective in the treatment of ulcers, a malady afflicting at least 1% of our entire population (and Stalin is doing nothing to abate their growth)! Then Searle also brought along "dramamine," a big boon to the seasick.

Since 1945 Searle sales have gone from $5,956,000 to $16,333,000 for 1950. While small in relation to the leaders like Parke Davis and Merck (above the $100,000,000 annual sales level) Searle makes up in velocity of growth. Right now its current percentage increase in sales probably leads the field.

Others in this field would be covered if space allowed. They would include Parke Davis with common shares about 60, capable of $2.75 dividends in 1951. This company developed chloromycetin from zero to an estimated gross sale of $50 million in 1951.

Squibb, Sharp & Dohme, and Smith, Kline & French about complete the list of independents. Taken as a group, all the companies mentioned above showed an average sales increase in the past five years of over 80%, an increase handsomely reflected in greater net, dividends, market price and stockholder contentment. Just because a drug stock yields today only 4% on its current price, you should not turn away. There may be an extra dividend, a split-up, or a valuable subscription right just around the corner. That's the way it's been.

Because of the spectacular performance of shares of these companies in the last decade, and the fact that many of them sell right now at or near all-time highs, it may occur to you that (if you're not already aboard) you're too late. While I share your reluctance to act as a sort of market Daniel Boone, pioneering a stock into new high territory with *your* purchase order, it does seem to me that, for the long range, almost any we've talked about could continue present forward motion. Health is a primary goal of man, and anything that caters to it will always have a terrific market, not only in America but throughout the world. And as individual income expands that market grows bigger and bigger. So start now looking some of these firms over, and remember that most of them have certain powerful assets that don't show on their balance sheets—the fertile and generative brains of their top scientists. Another penicillin may be launched tomorrow, and if so, you'll probably be buying some drugs on the market.

T. R. Alcock Co. Is Formed in New York

T. R. Alcock & Co., Inc., has been formed with offices at 270 Park Avenue, New York City, to deal in state, county, municipal and revenue bonds. Officers are Thomas R. Alcock, President and Treasurer, and James Williamson Brown, Jr., Secretary. Mr. Alcock was formerly associated with Schwamm & Co. and prior thereto was with Bendix, Luitweiler & Co., Byrne and Phelps and in the past was in business in Boston.

Owens Investment Service

KLAMATH FALLS, Oreg. — Owens Investment Service has been formed with offices in the Medical Dental Building to engage in the securities business.

Manufacturers' Profits Lower in First Quarter

Profits of U. S. manufacturing corporations were down although sales reached an all time peak in the first quarter of 1951, according to the quarterly estimates by the Securities and Exchange Commission and the Federal Trade Commission.

Net profits after taxes in the first quarter amounted to $3.3 billion, an 8% decline from fourth quarter 1950 profits. These profits, however, were bettered only in the last two quarters of 1950 and were 36% above the first quarter of 1950.

The decline in profits in the first quarter of 1951 occurred in the face of the rise of net sales of manufacturing corporations to a new record of $53.1 billion. Costs and expenses increased somewhat more than sales and, as a result, net operating profit declined about 1%. The relatively larger decline in profits after taxes reflected lower non-operating income in the first quarter of 1951.

According to the report, after taxes the rate of return on stockholders' equity in the first quarter of 1951 is estimated at 14.8% on an annual basis compared with 16.4% in the preceding quarter and 12.0% in the corresponding quarter of 1950. In making comparisons with the first quarter of 1950, it should be pointed out, however, that the early part of last year was a period of somewhat depressed business activity, with the recovery beginning in the second quarter and increasing in tempo after the initiation of hostilities in Korea.

Only the two smallest size groups covering corporations with less than $1,000,000 in assets showed increases in the rate of return on stockholders' equity from the fourth quarter of 1950 to the first quarter of 1951. The annual rate of profit for the smallest size group of corporations, those with assets under $250,000, increased from 8.0% in the fourth quarter of last year to 14.4% in the first quarter of this year. To a large extent this sharp increase may be a reflection of the more extensive accounting adjustments made in the fourth quarter reports by these small companies.

Of the 22 different manufacturing industries classified in the report, only five showed any increase in profits after taxes in the first quarter of 1951 compared with the fourth quarter of 1950, and the amounts involved were small. Industries showing increases were printing and publishing, motor vehicles and parts, chemicals, fabricated metals, and non-electrical machinery.

Related to sales, profits after taxes in the first quarter of 1951 ranged from 10.2 cents per dollar for the petroleum group to 2.6 cents for the food group. In the preceding quarter the range of profits related to sales was 13.0% to 3.0% with the same industries at either end of the scale.

Total assets at the end of March 1951, according to the report, were estimated at $131.2 billion. Current assets amounted to $77.8 billion and current liabilities were estimated at $31.4 billion. Net working capital of U. S. manufacturing corporations at the end of the first quarter 1951, the excess of current assets over current liabilities, amounted to $46.4 billion, or about $1.4 billion more than at the end of 1950.

The book value of inventories in the first quarter increased $1.9 billion to a level of $33.1 billion at the end of the quarter and receivables increased $1.4 billion to a level of $18.4 billion. The net property, plant and equipment account increased $1.0 billion in the first quarter and was carried at $44.8 billion at the end of the quarter. Stockholders' equity in the first quarter increased $2.1 billion and amounted to $88.0 billion at the end of the quarter.

The ratio of cash plus U. S. government securities to current liabilities, a measure of corporate liquidity, continued to decline in the first quarter of 1951. At the end of the quarter this liquidity ratio amounted to 78% as compared with 84% at the end of 1950 and 107% in the first two quarters of 1950.

PROFITS OF MANUFACTURING CORPORATIONS BY INDUSTRY GROUPS, 1st QUARTER 1951

(Amounts in millions of dollars)

Industry Group	Profits Before Taxes 4th Q. 1950	Profits Before Taxes 1st Q. 1951	Profits Before Taxes Perct. Change	Profits After Taxes 4th Q. 1950	Profits After Taxes 1st Q. 1951	Profits After Taxes Perct. Change
Food	$522	$461	—12	$251	$220	—12
Tobacco	81	68	—16	36	32	—11
Textile mill products	368	376	+ 2	184	181	— 2
Apparel and finished textiles	66	64	— 3	34	33	— 3
Lumber and wood products	152	154	+ 1	81	79	— 2
Furniture and fixtures	69	64	— 7	36	30	—17
Paper and allied products	361	411	+14	186	172	— 8
Printing and publishing	65	77	+18	32	36	+12
Chemicals	790	836	+ 6	343	352	+ 3
Petroleum and coal	895	799	—11	611	496	—19
Rubber	176	167	— 5	79	73	— 8
Leather	52	42	—19	28	20	—29
Stone, clay and glass	277	261	— 6	113	113	----
Primary non-ferrous metal	313	281	—10	165	139	—16
Primary iron and steel	663	652	— 2	257	253	— 2
Fabricated metal	366	377	+ 3	171	174	+ 2
Mach. (excl. elec. & transp.)	619	666	+ 8	288	291	+ 1
Electrical machinery	529	418	—21	215	164	—24
Transp. equip. (excl. autos)	132	89	—33	61	42	—31
Motor vehicles and parts	889	716	—19	255	265	+ 4
Instruments, etc.	131	103	—21	59	44	—25
Miscellaneous	108	112	+ 4	55	53	— 4
All manufacturing	7,626	7,194	— 6	3,541	3,261	— 8

Halsey, Stuart Offers Iowa Pub. Serv. Bonds

Halsey, Stuart & Co. Inc. is offering $5,000,000 Iowa Public Service Co. first mortgage bonds, 3½% series due 1981 at 100.37% and accrued interest. Award of the bonds was made at competitive sale on July 9 on a bid of 99.55%.

Net proceeds from the sale of the new bonds, together with cash derived from operations, will be used to provide a portion of the funds required for the construction or acquisition of permanent improvements, extensions and additions to the company's property and to pay off temporary bank loans incurred since March 31, 1951 in the aggregate principal amount of $1,750,000. Present plans call for the expenditure by the company of approximately $9,000,000 during 1951 for the construction or acquisition of property additions. As additional funds are required, they may be provided from cash resources, from borrowings and/or from the proceeds of the sale of additional securities.

General redemption prices range from 103.37% to par, while special redemptions are scaled from 100.37% to par.

Iowa Public Service Co. is a public utility engaged in the production, transmission, distribution and sale of electricity, serving about 215 communities in portions of the western and north central part of the state of Iowa, including Waterloo on the east and Sioux City on the west. The company also serves with electricity six small communities in South Dakota near the South Dakota-Iowa state line and sells electricity at the Iowa-Nebraska state line to the municipality of South Sioux City for distribution by it in Nebraska. The company also provides natural gas, manufactured gas propane-air gas and water services in its community.

R. Conover Miller

R. Conover Miller, partner in E. W. & R. C. Miller & Co., Philadelphia, passed away on Friday, July 6, after a short illness. He was 50 years of age.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following firm changes:

Jan Goldberger retired from partnership in Jacquin, Stanley & Co. July 9.

Interest of the late Franklin J. Grieder, who died July 2, in Salomon Bros. & Hutzler will cease as of July 31.

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The State of Trade and Industry

tered in May a year ago. All but seven of the forty-eight states reported declines in corporate activity from the corresponding 1950 month.

The aggregate number of new business corporations for the first five months of the year through May, came to 37,951, representing a drop of 12.9% below last year's 43,577 for the same period, but a gain of 3.6% above the 36,623 recorded in the comparable 1949 period.

Steel Operations Trend Upward in Current Week

By September civilian steel consumers will either be virtually out of the steel supply pictures—or they will be included under the controlled materials plan, states "The Iron Age," national metalworking magazine the current week. The National Production Authority has made two sudden moves that will greatly increase the amount of steel marked for distribution under CMP. At the same time, "free" steel supplies will be shaved to a mere whisker.

The first move, the magazine discloses, was to change the base period to which steel-set-aside percentages are applied from the first eight months of last year to planned September production or to April and May of this year to whichever is larger. Either new base is a period of much higher production.

The second move, it adds, was to greatly increase the percentage set-asides on carbon steel produc s which steel firms must make available for government programs. The higher percentages of the higher-output base period will become effective with September production. Lead time for placing orders will be 45 days.

Some of the increases in steel set asides are staggering. For example, "The Iron Age" notes, ingots were raised from 15 to 95%. Blooms, billets and slabs were raised from 52 to 95%; tube rounds, from 60 to 95%; nails and staples, from 25 to 90%.

Set asides for more than half of all carbon steel products now range from 90 to 100%. Among the items calling for 100% set aside are: Tube rounds, oil country goods, line pipe, and rails and track supplies.

If the National Production Authority next decides to change the present open-end CMP to a closed-end plan there will be few objectors. The reason is that those industries still struggling to operate outside of CMP could hardly fare worse if they are included under the plan. Steel company resistance will largely fade away when they try to divide 5 or 10% of their production equitably among their customers.

Actually, many believe a closed-end CMP is logically NPA's next move. Consumer durable industries such as autos and appliances have already been ordered to file fourth quarter requirements. This would be the first move if they are to be included.

Talk linking easier steel with peace moves in Korea, concludes "The Iron Age," may not be dead but it has surely faded away. Regardless of what happens in Korea most steel products will be in extremely short supply throughout this year and well into 1952.

The American Iron and Steel Institute announced this week that the operating rate of steel companies having 93% of the steel-making capacity for the entire industry will be 101.5% of capacity for the week beginning July 9, 1951, based on the industry's increased capacity of Jan. 1, or an increase of 0.7 point from a week ago.

The current week's operating rate is equivalent to 2,029,000 tons of steel ingots and castings for the entire industry, compared to 100.8%, or 2,015,000 tons a week ago, and 103.2%, or 2,063,000 tons a month ago. A year ago it stood at 94.9 of the old capacity and amounted to 1,830,000 tons.

Electric Output Drops Sharply in Holiday Week

The amount of electrical energy distributed by the electric light and power industry for the week ended July 7, 1951, was estimated at 6,077,077,000 kwh., according to the Edison Electric Institute.

The current total was 820,723,000 kwh. below that of the previous week, 697,153,000 kwh., or 13.0% above the total output for the week ended July 8, 1950, and 1,094,904,000 kwh. in excess of the output reported for the corresponding period two years ago.

Carloadings Decline Mildly in Latest Period

Loadings of revenue freight for the week ended June 30, 1951, totaled 821,615 cars, according to the Association of American Railroads, representing a decrease of 11,327 cars, or 1.4% below the preceding week.

The week's total represented an increase of 38,095 cars, or 4.9% above the corresponding week in 1950, and an increase of 177,433 cars, or 27.5% above the comparable period of 1949, when loadings were reduced by the coal miners' annual vacation period.

Auto Output Drops to Lowest Weekly Total Since December, 1949

Combined motor vehicle production in the United States and Canada the past week, according to "Ward's Automotive Reports," totaled 102,127 units, compared with the previous week's total of 156,105 (revised) units, and 137,731 units in the like week of 1950.

For the United States alone, total output was 95,825 units, the lowest weekly total since December, 1949, against last week's revised total of 149,886 units, and in the like week of last year 128,056. Canadian output in the week totaled 6,302 units compared with 6,219 units a week ago and 9,675 units in the corresponding 1950 week.

Total output for the current week was made up of 75,106 cars and 20,719 trucks built in the United States and a total of 4,550 cars and 1,752 trucks built in Canada. In the previous week, Canadian output totaled 4,837 cars and 1,382 trucks against 7,072 cars and 2,603 trucks in the like 1950 week.

Business Failures Slump in Holiday Week

Commercial and industrial failures declined to 129 in the holiday-shortened week ended July 5 from 188 in the preceding week, Dun & Bradstreet, Inc. states. While casualties were slightly below the 1950 and 1949 totals of 138 and 153 in the comparable

weeks of those years, they were down sharply, 38%, from the prewar level of 208 in 1939.

Failures with liabilities of $5,000 or more accounted principally for the week's decline, falling to 93 from 150 in the preceding week and 115 a year ago. Small casualties under $5,000 dipped mildly during the week.

All industry and trade groups reported a decrease in mortality during the holiday week. The number of failures exceeded last year's level in retail trade, construction, and service, while a marked decrease from 1950 prevailed in both manufacturing and wholesaling.

Food Price Index Hits New Six-Month Low

A further mild drop in the Dun & Bradstreet wholesale food price index brought the July 3 figure to a new six-month low of $7. This represented a decline of 4.2% from the 1951 high of $7.31 on Feb. 20, but it remained 13.1% above the comparative 1950 index of $6.19.

The index represents the sum total of the price per pound of 31 foods in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Registers Sharp Decline at Close of Week

The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., held in a narrow range during most of the week but dropped sharply toward the close, largely reflecting the downward adjustment in the government selling price for rubber. The index finished at 311.70 on July 3, comparing with 312.90 a week earlier and with 272.01 on the like date a year ago.

Leading grain markets continued to be unsettled, influenced by the prospect of an early cessation of hostilities in Korea.

Prices recovered from the sharp declines registered early in the period and for the most part, closed above those of a week ago. Cash wheat was weak. The more distant futures struck new lows for the season but strengthened in late trading, influenced by the announcement of a higher loan rate for the 1951 wheat crop and by adverse harvesting conditions in the Southwest and the absence of usually heavy market receipts at this time. With current prices below the prospective loan basis, it is expected that growers will put much 1951 wheat into the loan and thus further curtail the amount for market.

Corn developed a firmer tone and prices turned upward in closing sessions. Trade volume in grain futures on the Chicago Board of Trade increased sharply last week to a daily average of 44,000,000 bushels, from 30,290,000 the week before.

Domestic flour bookings failed to show any seasonal expansion as bakers and jobbers showed little buying interest pending the start of the new crop movement. Export flour business remained small. The coffee market rallied following a weak start and finished slightly higher than a week ago, aided by the Brazilian Government's efforts to support coffee prices. Cocoa values moved sharply lower as the result of liquidation and selling induced by reports of European offerings of West African cocoa to this market.

Both the domestic and world raw sugar markets recorded substantial declines last week largely influenced by the prospects for an early peace.

Lard and vegetable oils developed a firmer price tone toward the close of the week. Hogs advanced moderately for the week. Steers were steady and lambs finished slightly lower.

Prices in spot cotton markets continued unchanged at or close to ceiling levels last week. Futures were irregular and showed moderate losses for the period despite an upward spurt in late dealings. Early weakness stemmed from selling induced by peace proposals and uncertainties surrounding the international situation. Other factors in the easiness included continuing favorable weather and crop advices, slowness in the spot cotton and gray goods markets, and indications that the acreage planted to the new crop will exceed the government's goal of 28,536,000 acres. Reported sales in the ten spot markets declined to 39,600 bales last week, from 42,700 the week before and 75,200 a year ago.

Trade Volume Declines in Holiday-Shortened Week

Nation-wide consumer spending dipped slightly in the holiday-shortened period ended on Wednesday of last week with over-all retail dollar volume moderately below the unusually high level for the corresponding week a year ago, states Dun & Bradstreet, Inc., in its latest summary of retail trade.

Uncertainty arising from peace prospects in the Far East was responsible for some of the reluctance on the part of shoppers.

While there was a general decline in retail apparel buying last week, some lines, notably sports clothing and beachwear, were increasingly popular. The demand for dresses dipped, except for some moderately-priced fashions. There was an increase in the purchase of haberdashery and other men's furnishings in scattered vicinities with men's wear in general in somewhat reduced demand, however.

There was no appreciable change in the consumer demand for edibles in the week with dollar volume slightly above that for a year ago. There was sustained hesitancy among housewives in regard to meat buying; a generally increased interest for fresh produce raised the unit volume of many items of vegetables and fruit.

The loss of one shopping day was reflected last week in a minor dip in the selling of house-furnishings.

Aggregate dollar sales were somewhat below those of a year ago, when "scare-buying" prevailed throughout much of the country.

Among the lines more abundantly bought were summer furniture and small housewares. Floor-coverings were in adequate demand in scattered areas.

Total retail dollar volume in the period ended on Wednesday of last week was estimated to be from 2% to 6% below the level of a year ago. Regional estimates varied from a year ago by these percentages:

New England, East and Pacific Coast —2 to —6; South and Southwest —3 to —7; Midwest and Northwest —1 to —5.

The start of the summer vacation period and the expected cease-fire in Korea helped to account for a slight loss of interest in wholesale ordering during the past week. The total dollar volume of orders was virtually unchanged from the level for the comparable week in 1950. While the number of buyers attending various wholesale centers dipped considerably last week, it was noticeably above the level of a year ago.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index for the week ended June 30, 1951, decreased 2% from the like period of last year. This compared with an increase of 6% in the previous week, and an increase of 2% for the four weeks ended June 30, 1951. For the year to date department store sales registered an advance of 9%.

Retail trade volume in New York last week advanced sharply over that of a year ago, with the increase placed by trade observers, at close to 20%.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period of June 30, 1951, advanced 8% from the like period of last year. In the preceding week an increase of 14% (revised) was registered above the similar wek of 1950. For the four weeks ended June 30, 1951, an increase of 13% was recorded above that of a year ago, and for the year to date, volume advanced 11% from the like period of last year.

Manganese Mining Stk. Offered at 25 Cents

Weber-Millican Co., members of the National Association of Securities Dealers, are offering "as a speculation" 1,200,000 shares of common stock (par 10 cents) of Magma King Manganese Mining Co. (an Arizona corporation) at 25 cents per share.

The net proceeds are to be used for the development of manganese ore and other deposits, and for general corporate purposes.

With Consolidated Inv.

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif. — Richard F. Kenney is now with Consolidated Investments, Inc., Russ Building.

With Louis A. Love

(Special to THE FINANCIAL CHRONICLE)

MENLO PARK, Calif.—John J. Eshleman is now connected with Louis A. Love Co., 700 Hermosa Way.

Pasadena Corp. Adds

(Special to THE FINANCIAL CHRONICLE)

PASADENA, Calif. — William Rose has been added to the staff of the Pasadena Corporation, 234 East Colorado Street.

Mutual Funds

By ROBERT R. RICH

THE FATE OF State legislation vital to mutual funds' interests hangs in balance this week at the Pennsylvania State capitol of Harrisburg after months of controversy and strongly-contested legislative actions. Both the Berger and Snowden "Prudent Man" bills are scheduled for their second readings in the Senate of Pennsylvania on Monday, July 16, and, unless the calendar is held over, for the third and final reading Tuesday, July 17, after which they will be presented for the Governor's signature.

Both "Prudent Man" bills are identical except that the Snowden bill specifically authorizes the securities of investment companies as legal for investment by trust funds.

The efforts of elements of the mutual funds industry in Pennsylvania, led by Joseph E. Welch, Executive Vice-President and Treasurer of Wellington Fund, to press for adoption of the Snowden Bill or to include in the Berger Bill specific permission for trustees to invest in mutual fund shares has created one of the bitterest fights in recent State financial legislative history.

Certain banking interests in Pennsylvania have been strongly opposed to the mutual funds' movement and the lines of controversy were drawn early between those men who, in principle, believe in the validity of investment company shares as an investment device for trust funds and those who do not.

At one point, L. M. Campbell, Secretary of Banking for the State of Pennsylvania, wrote, in a letter to State Senator McPherson, "I am firmly and unalterably opposed to any proposal to make 'investment trust' shares legal for trust investment." In a letter to Mr. Welch, Secretary Campbell further stated, "I attempted to give you some good advice at our conference and I am still decidedly of the opinion that you are making a grave mistake in not withdrawing this amendment at this time. I believe that up to the present time there has been no particular opposition from banks generally to selling your shares to the public. However, I have attempted to find out the sentiment of the bankers throughout the Commonwealth with regard to this amendment [to the Berger Bill, specifically permitting trustees to invest in mutual funds] and I learned that the sentiment is decidedly against making your shares eligible . . . I believe that if you pursue your present course, you will eventually find the same kind of opposition from banks generally as has now developed between the banks and Federal building and loan associations."

The Snowden Bill passed the House a few weeks ago, 46 to 3, one absent; the Berger bill passed the House, 29 to 9, 12 absent.

MUTUAL FUND shares have been placed on the eligible list of the recently-announced Socony-Vacuum Oil Company employee savings plan. Savings bonds, closed-end funds, and Socony-Vacuum stock are also on the list of the savings plan, toward which the oil company plans to contribute 50% of what employees allot to the fund.

Under the Socony-Vacuum plan, a fund, either closed or open-end, to qualify must have had net assets of at least $25,000,000 on Dec. 31, 1950; must be registered under the Investment Company Act of 1940; be a diversified management company; and a member of the National Association of Securities Dealers Funds whose total assets fall below $25,000,000 will cease to be eligible when the list comes under review periodically.

Employees of the Socony-Vacuum company and certain of its affiliated companies are eligible to participate in the Plan, which permits an employee to allot from 1% to 5% of his base pay, and his employer-corporation contributes, out of accumulated earnings and profits, an additional amount equal to 50% of his allotment.

The shares of any qualified fund may be selected by an employee, but the shares of only one such company may be purchased at a time.

Socony-Vacuum, although refusing to advise its employees concerning the merits of various funds, pointed out that in the purchase of investment company shares, employees are not buying just one stock, "but an interest in dozens of securities. One typical investment company has common stocks in 100 companies representing 19 industries."

"The risk thus is spread over many companies and industries. You are not putting all your eggs in one basket," the company told its employees.

"Professional investment management picks the securities in which an investment company puts its money," the company explained, "and watches them closely to take advantage of developments affecting the value of those securities."

Socony-Vacuum suggested that employees read carefully the prospectuses of investment companies that interest them and also advised that the help of a broker or banker may be helpful.

"Management policies differ materially," the company said. "If you decide to buy investment company stock under the plan, read carefully the prospectuses of the investment companies that interest you. You may find it helpful also to seek advice at your bank or broker as to which of the eligible investment companies best fits your needs. It is contrary to company policy for the company or anyone connected with it to attempt to advise you in that regard. Differences in investment companies and in the individual needs of participants in the plan are so great that it would be impractical for the company to issue advice."

AT A SPECIAL Meeting of the Economics and Investment Department of National Securities & Research Corporation, it was concluded that there would be no reduction in government spending during the remaining months of this year as a result of an early Korean Armistice—**which is considered favorable to the economy.**

Corporate normal and surtax probably will not aggregate more than 50% and excess profits taxes are not likely to be increased. The ceiling on over-all corporate rates probably will not rise above 64% or 65%, effective July 1. Any increase in personal taxes will not exceed 10% effective not earlier than Oct. 1, this year, and possibly not until Jan. 1, next year. The withholding tax of 20% on dividends and interest payments is less likely with a Korean Armistice in effect than prior thereto.

Corporate earnings are expected to reach an all-time high of $23 billion this year and dividends establish a record high of $10 billion.

Military defense orders are accelerating and the remaining months of this year will see a substantial step-up in such expenditures.

The following represents the composite judgment of National's Staff:

Korea: As was first mentioned in Staff Minutes of April 5, 1951 and as has been continuously mentioned since then, National looked for a truce in Korea this year. It now appears that this will come about within the next 30 days.

Government Spending: There will be practically no reduction in government spending during the remaining months of this year as a result of an early Korean Armistice. (The defense program is aimed at a potential Soviet war.) However, contemplated expenditures for the defense program may be spread over a three year period beginning with 1952 rather than completed in the two year period as previously contemplated.

Economic Indices: National Securities sees no reason for revising previous conclusions in regard to Industrial Production; Gross Product, National Income and Personal Income; Employment and Cost of Living. Estimates of Farm Income, Retail Trade, and Plant and Equipment Outlays also remain unchanged. A relaxation of credit controls on instalment purchases seems probable this summer. Construction likely will be increased during the latter part of the year and, on an annual basis, should exceed the total dollar volume of all U. S. construction in 1950 which amounted to $27.7 billion.

Federal Taxes: Tax legislation, which is now expected in late September or early in October, will be less drastic both as to individuals and corporations by reason of a Korean Armistice. Corporate normal and surtax probably will aggregate not more than 50%. Excess profits taxes are not likely to be increased. Ceiling on over-all corporate rates will probably rise from 62% to 64% or 65%. Effective date will likely be July 1, 1951. Personal taxes will not be increased 12½% as provided in the House Bill but more likely the increase will not exceed 10%, effective not earlier than Oct. 1, this year, and possibly not until Jan. 1, next year. The withholding tax of 20% on dividends and interest payments is less likely with a Korean Armistice in effect than prior thereto.

Corporate Earnings: The earnings of all U. S. corporations are expected to be about $23 billion this year as compared to $22.8 billion last year.

Corporate Dividends: Dividends from all U. S. corporations in the aggregate are expected to amount to $10 billion this year as compared with $9.5 billion last year.

Conclusion—The cessation of hostilities in Korea accompanied by continued Federal spending for defense and foreign aid would have a generally favorable effect on our economy. A lesser increase in corporate and personal income taxes than might be expected prior to a Korean Armistice would be helpful to corporate earnings. With corporations paying out about 45% of net earnings after taxes, dividends of all U. S. corporations this year should reach an all-time record high of approximately $10 billion. Military defense orders are accelerating and the remaining months of this year will see a substantial step-up in such expenditures. Variations as to industries and individual issues will continue but, overall, the year 1951 will be a favorable year for the owners of American corporations.

National Securities and Re-

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Spain Highlights Difficulties In U. S. Foreign Aid Policies

important, as France and Italy, or whose anti-Moscow stand is shaky, constitutes acquiescence to blackmail—or at least that State Department policy has been weak where it should be strong, and vice versa.

What Free Nations?

Nor is President Truman's reiteration of the aid's purpose as support to "free nations," and past discrimination along these lines, understood here, after seeing the Communist dictatorship in Yugoslavia and the Fascist dictatorship in the Argentine included on the preferred list. And it is noted that even in Italy, the police last April closed down the Rome "Daily American."

Again, the NATO situation is felt by many here to have been manifesting unfair discrimination against Spain—a situation made timely by President Truman's detailing of the large-scale equipment extended to the Pact's members during the past half-year. Spaniards have General Bradley's recent two-time authentication of their country's military value to the West's cause; seeming both to validate her worthiness to be included with other respectable nations in a mutual assistance pact, and confirming the impression that whatever loan aid is now extended to them is being done grudgingly as a cynical purchase of an additional anti-Soviet ally, to be used at the buyer's convenience. It is felt that even though their own internal political considerations may have effectively prompted England's and France's NATO-blackballing of Spain, still the United States could have bi-laterally extended aid for military purposes. It is maintained that such military help would flow over into the economic sphere—a process which apparently has been determining our recent policy toward our ECA beneficiaries.

Adding to Spain's resentment over her blackballing from NATO has been the inclusion in the Organization (after a year of Marshall aid) of her next-door neighbor—Portugal—a country governed by a dictatorship hair-splittingly defined as "benevolent," but nonetheless a completely controlled corporative state.

Irritations Stemming From Our Loan

The above-cited incitements to resentment stem from deep-rooted and complex diplomatic and political considerations, that are perhaps inescapable when considered against the broad background of our overall "Cold War" policy. Additionally, there have been numerous irritations arising from procedure with the promised credit. In the first place, the disbursement to date of only $17 of the $62½ million of loan aid authorized last September and announced as available by Washington Nov. 15, is regarded as unnecessary dragging-of-feet, red tape, bureaucracy, and even obstruction by the administering Export-Import Bank. As exemplified in the circumstances of America's recent donation of grain to India, even any *delay* in the extension of largesse is inclined to be criticized by the recipient.

Actually the chief point of controversy between Madrid and Washington has been the borrower's demands for permission to spend the funds for consumers' goods as well as capital equipment. Only now have the restrictions against sorely-needed wheat purchases been removed, long after such relaxation of the rules governing Yugoslavia's credit.

Resentments Rise With Time

Unfortunately, the resentments will increase rather than lessen as time goes on. Borrowing nations, like individuals, soon become engaged in the blackmail technique of pyramiding initial sums. Thus, some Spaniards are already clamoring for more than the $62 million authorized, claiming at least three or four hundred millions will be necessary to be effective. Then there is the possibility of trouble at times of substantial repayment. The continuation of past international trade deficits and dwindling gold reserves (cf. Tables I and II below) would necessitate the imposition of painful austerity—a pill unpalatable both to the public and the regime. And it is felt by some observers here that in line with our Lend Lease experience, the attitude will emerge here also that repayment is not really to be expected.

Underlying all these various facets of potential resentment is the traditional situation—demonstrated now again in the low state of America's popularity in France and other beneficiary countries—of the wealthy successful uncle being disliked by his poor relatives on the receiving end, particularly when they realize they are decadent and insecure.

What Strings?

Such incidence of unpopularity and resentment leads us to the all-important practical consideration of what conditions, both as to kind and degree, should be imposed by us along with extension of financial aid. Ordinarily, of course, in furtherance of economic, ideological, humanitarian, or political aims, accompanying "strings" would be strictly in order to forestall an "operation rat-hole"—whether the assistance be in the form of grant or loan. We do not want any more UNRRA-to-Poland catastrophes. Conditions applied to aid to Spain might appropriately include political reforms of the dictatorship, such as freeing of the press and establishment of civil liberties; elimination of general spend-thrift-ism and corruption; discouragement of the mania for industrialization; removal of the crazy-quilt of 20-odd separate and continually changed foreign exchange rates; ending of the strait-jacket over foreign capital investment; and insurance that our funds will not be confined to publicly owned enterprises to the exclusion of private industry.

The Means of Repayment

If economic standards governed our foreign aid program, financial supervision would assuredly be in order to guarantee against operation rat-hole. For example, it appears that careful fiscal housekeeping will be indispensable to Spain's repayment of credits even down at the $60-100 million level. This is evidenced in the trade balance and gold-holding figures contained in adjoining tables I and II.

We see, carrying on the tradition of actual trade deficits existing since 1898, which until the Civil War were counterbalanced by emigrants' remittances, that in each year since the end of World War II there has been a deficit; with the exception of 1950—but even then the balance was misleading because the government's figures include as an "export" a large amount of gold shipped as collateral for a bank loan and not truly classifiable as an export.

But irrespective of the *logic* of the situation, the Spaniards, who have never defaulted on an external debt and are normally jealous of their sovereign rights, are extremely loath to swallow outside dictation over internal matters in either the political or financial sphere, as a condition for borrowing-with-interest.

The Background of Our Unique Policy

Irrespective of the considerations which would ordinarily determine them, the decisions regarding Spanish aid must, as elsewhere, now be made on the basis of the many complex factors—political and military—bound up with the unique *Cold War* crisis.

Because of the political elements—internal as well as external—with which the democracies must deal, they are foresworn from acting with publicly-explained realism. The internal political influences—whose importance is, as this writer is learning at first hand, understood here neither by royalty, government official nor man in the street—equally with the dictates of world opinion, has forced America's foreign assistance policy to be transacted on a basis of camouflage and subtle rationalization. In lieu of frank explanation of the purposes of its economic maneuvering, the United States appears as navigating in a sea of confusion of the economic, humanitarian, political, and military motives.

At any rate, in the case of Spain, if it be decided to help her, following General Bradley's and now Mr. Harriman's authentication of her strategic value as a second-line defense ally, then, even if, because of ideological sentimentality or special interests at home, it be impracticable so to proclaim, at least let our actions be geared to those realistic lines.

Applied to determining the nature of financial aid, this would seem to dictate the seeking of the maximum of good will for us over the immediate hump of the next two years, until our attainment of self-sufficient defense or a possible V-S Day. **Thereafter there will be plenty of time to be businesslike and ideologically well-behaved.**

Since no lending policy will result in a large-scale garnering of grateful friends to us, probably the best we can do is to purchase practical help with as little resentment as possible. From this approach, and particularly because the disaffected 60-80% of the population estimated as anti-Franco will disapprove of *any* form of aid, as supporting the regime, we may as well go the whole-hog and help the present government with the minimum of strings.

The shakiness of the present regime is attested to by the recent wildcat strikes; particularly since the areas of trouble included Pamplona in Navarro, one of the chief Falangist Catholic strongholds. Should the regime fall, there is undoubtedly a strong possibility that the Communists, being the only group organized and ready, would take over.

Summary and Conclusions

(1) It seems that *whatever* course we take in Spain can be shown to harbor drawbacks. This seems unavoidable in view of the prevailing external and internal political elements and the present military exigencies.

(2) Hence we merely have a Hobson's choice between the lesser set of risks and evils.

(3) But this should not preclude us from following a realistic, pragmatic and consistent course to achieve our emergency aims for survival—conceding as little compromise as possible to domestic pressure groups.

(4) In the case of the present Spanish situation, this would mean cutting through the normally relevant ideological, humanitarian, and economic considerations "for the duration" of the international crisis; and extending aid to the ruling regime with a minimum of delay and conditions—particularly where repayment is involved.

(5) Finally, and in any event, our largesse must be extended, along with the balance of our foreign policy, in *Calculated Hope*.

TABLE I

Spain's Foreign Trade Figures Since World War II*

Year	Total Exports	Total Imports	Exports U.S.	Imports U.S.
	(In thousands of gold pesetas)			
1945	708,575	813,863	177,573	157,549
1946	734,260	900,557	159,673	162,195
1947	886,527	1,167,516	75,941	119,497
1948	1,148,101	1,438,625	105,668	103,511
1949	1,246,620	1,435,590	66,200	136,741
†1950	1,241,567	1,195,062	182,049	173,049
1951—1st quarter	345,277	284,581	49,602	30,957
†1950—1st quarter	300,677	244,076	23,822	47,261

*Source—Boletin de Estadica, Institute National Estadica; Spain. †Export figures for 1950 distorted by inclusion of gold shipment of 46,600,000 gold pesetas.

TABLE II

Gold Reserves Held By the Bank of Spain

Year (Dec. 31)	(Value in Millions of Pesetas	Year (Dec. 31)	(Value in Millions of Pesetas
1929	2,667	1948	1,219
1935	2,536	1949	935
1946	1,214	1950	669
1947	1,215		

Sources—For years 1929-1949, Anuario Estadistico de Espana. For 1950, Boletin de Estadico, May, 1951.

Mid-Year Survey of Municipal Bond Market

Halsey, Stuart & Co. Inc. survey notes reversal of six-year trend of increasing volume of new bond sales. Volume in first half of current year shows substantial decline from 1950.

An upward trend in new municipal bond financing that dates back to 1944 was brought to a halt in the first half of 1951 as estimated volume of $1½ billions fell below last year's pace by one-half billion dollars, Halsey, Stuart & Co. Inc. said in its annual Mid-Year Survey of the Municipal Bond Market.

At the same time, the survey said, "the yawning market into which municipal bonds have been pouring for several years seems to have developed a bottom. Large issues of high-credit borrowers have found a satisfactory market, but smaller issues of smaller communities have been slowly taken regardless of good credit ratings in many instances."

While the postwar municipal bond market has been confusing because of the high volume of municipal issues available for bidding and distribution, new factors have intensified the confusion in recent months, the survey continued. They include "a disagreement among those in control of credit and the price thereof, an unpopular war, annoying economic controls, a slowing down of some business activities and, strangely enough, a suspicion of deflation amidst all the talk about inflation."

The first half of the year saw a decline in municipal bond prices, Halsey, Stuart pointed out. "The market was advancing at the beginning of this year but by the end of February the effect of bulging warehouses and artificial scarcities was showing up in merchandise inventories and bank loans, and the whole thing was reflected in municipal prices. Hesitant on that account, the market was in no position to take calmly the tinkering with the long-term interest rate on Governments in March. From 1.78% at the beginning of the year one of the so-called averages had worked up to 1.72% early in February, but at the end of March was at 2.11% and at mid-year 2.36%.

"One of the unusual developments of the period was the narrowing of the 'spread' between the prices of short- and long-term bonds. This was due to a necessity for the one- to five-year maturities to compete with the demand of business for loans, and also for them to conform to the higher rates being maneuvered by the Federal Reserve Board. Considering the acute uncertainty brought about by the public dispute between the bureaus that manage our money and regulate our credit, it is small wonder that municipal prices declined."

Principal reason for 1951's first-half failure to sustain the upward trend in new municipal offerings was the absence of any outsize soldiers' bonus issues, said Halsey, Stuart. Aside from these issues, "the potential supply of municipal bonds seems as great as it has been for any postwar year. The projects for educational facilities, municipal utilities, reduction of stream pollution, highways and the other varieties that have crowded the calendar are as numerous and demanding as ever. A recent survey reported $5.3 billions of state and local public works in the planning stage. How many of these can come through the screen of the Credit Restraint Committee and the defense organizations that allot materials can only be guessed. It would seem that there are enough essential projects and enough materials to keep the tax-exempt market active—even busy—for the remainder of 1951."

While scarcities of materials, credit restraints and the absence of bonus issues should be factors in continued lower volume through the last half of 1951, part of the slack will be taken up by offerings of Federal Housing bonds, the survey said. An initial offering of $160 millions is scheduled for July and more are expected later in 1951 and in following years.

"In June the government confined to short-term offerings in refunding of some $10 billions of Treasury Bonds and Notes, which seems to imply that the Treasury Department anticipates an upward, more favorable trend in government bond prices," Halsey, Stuart pointed out. "Further evidence of the Treasury Department's thinking will come soon when an announcement of additional government refunding is expected. It does not seem to us that present low prices can be expected to continue indefinitely."

Apart from their security, the great attraction of municipal bonds today is their tax-exempt feature, said the survey, adding, "This value will gain even greater significance, certainly to individuals with the imposition of the forthcoming higher tax rates."

The survey closed with a prediction that "we may expect an active but not record breaking market in the latter part of 1951 with perhaps a reduced supply and some possibility of higher prices after the first of the Federal Housing issues has been marketed."

Tomorrow's Markets Walter Whyte Says—

By WALTER WHYTE

The market rallied a bit more this week, apparently taking the Korean peace talks as an accomplished fact. The fears that the end of hostilities in that area of the world would mean an end to the rearmament program and cancellation of the billion dollar orders were allayed by the statements of Washington officials.

* * *

Nevertheless, the first recovery from last week's break is, in my opinion, about over. Ahead of us now is what technicians like to call "A period of selective buying," which in essence means that your stocks will do nothing while the other guy's will go up.

* * *

This of course brings up the interesting problem of which stocks to buy, a problem that has troubled traders and investors ever since they began swapping things under the buttonwood tree and will no doubt continue to be headache breeders so long as we have markets.

* * *

A few weeks back I wrote here that the amusement stocks looked like the ones that would back away grudgingly in a reactionary period and would most likely jump ahead if the market moved up. So far I've seen little to change my mind. There are, of course, groups that will also move ahead. But these will depend in the main on the rest of the market. The latter group will include the heavy industries, steels, etc.

* * *

Among the amusement issues the one that stands out at this writing is Loew's. If you take a look at balance sheets and earnings statements you'll see little to encourage you. The company hasn't earned its dividend and the chances are that its next quarterly statement will not make any better reading. From a market viewpoint, however, Loew's acts better than many other stocks. So much for Loew's. Now back to the general market.

* * *

In last week's column I wrote that the picture I saw was a rally followed by another decline and then going into dullness that would probably last most of the summer. You've seen the rally. Now be prepared for another reaction. It is quite likely that such a reaction will carry some stocks under their recent lows. In essence, this means that if you haven't bought anything yet, don't be in a hurry to come aboard. The opportunities will come.

* * *

I've been asked if this is a bull or a bear market. Frankly I don't know. A strict interpretation of the Dow theory leans toward a bear market. But if you examine some of the underlying currents of the past few weeks' markets you'll come to a different conclusion.

* * *

The fact is if you have the right ones, the terms bull or bear will be only relative.

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Continued from page 26

Mutual Funds

search Corporation announced on July 5 that it would discontinue, on that date, sales of shares of its Institutional Series.

DELAWARE FUND, reports, "We are now in a correction period in the bull market which started in the middle of 1949. Interestingly, it was just about this time last year, when the war in Korea started, that we had our last big correction. Then we were told it was fear of war; now we read it is fear of peace—really, it is fear of the unknown.

"At the time of the commencement of the Korean war there was the danger that it might be the beginning of World War III, and ensuing results were not predictable. Now we are confronted with a situation which is much more predictable. In a few weeks it will become evident to all that we are not going to commit national suicide by sharply curtailing our defense effort.

"Also, we will begin experience some of the up-lift in business which many anticipated earlier but which of necessity has been deferred by the very nature of a rearmament effort.

"**There is a long time lapse between the decision to rearm and the actual production of the finished material. In other words, our defense program is still in low gear.**

"At the peak of expenditures in World War II we were spending $90 billion a year. The first year of the partial war we are now in will have cost close to $25 billion. $140 billion has already been budgeted for rearmament, and as of the persent moment nearly $65 billion has been authorized, which is about $41 billion more than has been spent.

"As the first year ends, defense spending has reached a rate of $600 million a week, and very soon this rate will be stepped up to $1 billion.

"One study recently released on the effects of military spending concludes that in the first year the potential inflationary gap may be actually greater than the first year after Pearl Harbor.

"On the labor front one well-known commentator points out that to fill the rearmament orders that will be on the books at Christmastime an additional two million workers will be required. Business will be good for some time, not bad. Profits will be high for some time, not low. This, in our estimation, is not a time to sell ones common stocks."

Record June quarter and first half year sales of Delaware Fund shares were reported by the company.

For the first six months gross sales totaled $2,708,897 to top all previous half year sales figures of the Fund. They represent an increase of 30% over sales of $2,076,981 in the first six months of 1950.

Gross sales of the Fund for the June quarter amounted to $987,-760 and were the largest June quarter sales in its 13-year history. They represent an increase of 11.6% over the sales of $885,120 in the like 1950 period.

The number of shares outstanding as well as the number of shareholders were at an all time high on June 30, last, according to W. Linton Nelson, President.

THE STORY of what mutual funds offer to investors can be told in a style that even the most unsophisticated financially can understand. One of the largest funds in the industry—the $173,-000,000 Wellinton Fund—has just published a folder that demonstrates this. It's called "This Is Money . . . But What Can It Do For You". If may be the first folder of its kind to be written in what might be best described as "shirt-sleeve English". Or better still "shirt-sleeve American".

It is an eight-page illustrated folder that reproduces a worthless 100,000,000 German mark bill on its frontispiece. The folder tells in parable form the effect of inflation on money.

Its style is lucid, vigorous, fast-moving—as American as the seventh inning stretch. There's no frockcoated language or "slanguage" from the financial world to confuse the reader. Its keynote is simplicity.

Most of its words are two syllables or less. By actual count the folder tells its story in 840 words and 778 of these are one or two syllables.

A characteristic of "shirt-sleeve American" is its fast pace. Here's a sample from the folder:

"It's a shock to realize it . . . but money that once spelled goods and security for some people is just an interesting novelty today. That was overseas. Nobody expects it to happen here, but here's something that did happen in an American home. It was after dinner, I was in the living room reading the paper. In the background, I could hear my wife's voice. She'd just finished reading a story to Stevie . . . the story of Rip Van Winkle."

Wellington Fund reported that gross sales of shares to the public in the first half of 1951 amounted to $23,555,398 and were at the rate of more than $3,900,000 monthly. In the previous six months sales totaled $23,392,214.

New shareholders were added at the rate of more than one thousand a month during the first half of 1951 to boost the total number on June 30, last, to an all time high of more than 67,000.

In the past half year shares outstanding increased at the rate of more than 138,000 a month to reach the record total of 8,950,-429 outstanding on June 30, last.

The Fund had total net assets of $171,112,447 on June 30, 1951.

GRANBERY, MARACHE & CO. reports that dealers in shares of Pioneer Fund will receive a cash bonus of 1%, in addition to the regular dealer discount of 6%, provided net sales are in excess of $25,000 during the three months to end Sept. 30.

A 200 PER CENT increase in gross sales in the June quarter over the preceding three months was reported by Growth Companies.

The Fund's increase in total net assets for the June quarter amounted to $257,603 or 47%. The increase boosted net assets to a total of $803,953 on June 30, last, from $548,350 three months previously.

THE JOHNSTON Mutual Fund Inc. reports net assets of 1,066,-004.16 as of June 30, 1951 a 57% increase over net assets of $678,-630.04 a year earlier.

The net asset value of the Fund's shares on June 30, 1951 was $28.74 per share, compared to $25.70 per share on June 30, 1950.

JACK J. DREYFUS, JR., President of the Fund, pointed out that because of a sharp increase in subscriptions at the month end after Dreyfus & Co. had assumed management of the Dreyfus Fund, formerly the Nesbett Fund, the portfolio as of May 31, 1951 did not present a true picture of the investment position, and therefore, that a comparsion of the investment position on June 13 with that of the end of the first quarter on Feb. 28 would be more indicative.

The common stock investment increased from 58.2% of net assets as of February to 64.5% in June. During that same time, medium grade bonds and preferred stocks were reduced from 17.3 to 11.4%.

Lee Higginson Group Offers Speer Carbon Com. Stock at $26¼

Lee Higginson Corp. and associates are offering for public sale today (July 12) 179,034 shares of Speer Carbon Co. common stock at $26.25 per share.

Proceeds of the offering, which represents authorized shares previously unissued, will be applied, together with the major part of the proceeds from a proposed sale privately of $6,000,000 notes to the company's expansion and improvement programs which will cost an estimated $10,600,000. These programs include proposed construction at Niagara Falls, N. Y., which will approximately double the company's graphite electrode capacity, and expansion and improvement work currently in progress at the St. Mary's and Bradford, Pa. and Niagara Falls plants.

The company, incorporated in 1899, manufactures and sells a wide line of carbon and graphite products and electronic component parts for the radio, television and electronics industries. The company also sells its products to manufacturers in the electric furnace, steel, chemical, electrical, automotive, aviation, industrial equipment, household and office appliance industries.

For the year ended Dec. 31, 1950 the company reported net sales of $13,818,516 and net income of $1,760,759. For the four months ended April 30 sales were $4,986,314 and net income $389,895.

Except for 1932 and 1933 cash dividends have been paid on the common stock of the company in each year since 1925. Payments of 25 cents per share each were made in March and June of this year.

Victoreen Instrument Com. Stock Offered

An issue of 324,000 shares of Victoreen Instrument Co. common stock (par $1) is being offered today (July 12) at $4 per share by a group of underwriters headed by Barrett Herrick Co., Inc. and A. H. Vogel & Co.

Of the offering, 103,000 shares are for the account of John A. Victoreen, Chairman of the Board, and 221,000 shares represent new financing on the part of the company.

Victoreen Instrument Co. will use the proceeds to purchase new equipment and for additional working capital.

Glore, Forgan Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Robert H. Schlesinger has been added to the staff of Glore, Forgan & Co., 135 South La Salle Street, members of the New York and Midwest Stock Exchanges. Mr. Schlesinger was previously with Thomson & McKinnon.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (percent of capacity)	July 15	101.5	100.8	103.2	94.9
Equivalent to—					
Steel ingots and castings (net tons)	July 15	2,029,000	2,015,000	2,063,000	1,830,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output — daily average (bbls. of 42 gallons each)	June 30	6,160,550	6,192,050	6,169,250	5,435,350
Crude runs to stills — daily average (bbls.)	June 30	¶6,595,000	6,649,000	6,601,000	5,854,000
Gasoline output (bbls.)	June 30	21,666,000	22,107,000	21,086,000	19,497,000
Kerosene output (bbls.)	June 30	2,270,000	2,570,000	2,317,000	2,169,000
Gas, oil, and distillate fuel oil output (bbls.)	June 30	8,542,000	8,806,000	8,294,000	7,582,000
Residual fuel oil output (bbls.)	June 30	9,036,000	9,295,000	8,929,000	7,841,000
Stocks at refineries, at bulk terminals, in transit and in pipe lines—					
Finished and unfinished gasoline (bbls.) at	June 30	126,844,000	127,736,000	130,249,000	114,139,000
Kerosene (bbls.) at	June 30	24,142,000	23,771,000	20,797,000	21,229,000
Gas, oil, and distillate fuel oil (bbls.) at	June 30	65,700,000	62,969,000	54,662,000	53,335,000
Residual fuel oil (bbls.) at	June 30	41,097,000	40,647,000	38,871,000	40,542,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	June 30	821,615	832,942	744,644	783,520
Revenue freight received from connections (number of cars)	June 30	688,042	683,352	657,050	646,505
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	July 5	$404,655,000	$316,705,000	$296,036,000	$214,379,000
Private construction	July 5	88,093,000	154,348,000	148,342,000	107,171,000
Public construction	July 5	316,562,000	162,357,000	147,694,000	107,208,000
State and municipal	July 5	165,609,000	118,280,000	106,398,000	77,886,000
Federal	July 5	150,953,000	44,077,000	41,296,000	29,322,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	June 30	10,562,000	11,032,000	8,710,000	10,182,000
Pennsylvania anthracite (tons)	June 30	986,000	900,000	734,000	1,125,000
Beehive coke (tons)	June 30	145,100	*152,000	133,800	133,700
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1935-39 AVERAGE=100	June 30	259	265	273	262
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	July 7	6,077,077	6,897,800	6,733,662	5,379,924
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET INC.	July 5	129	188	172	138
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	July 3	4.131c	4.131c	4.131c	3.837c
Pig iron (per gross ton)	July 3	$52.69	$52.69	$52.69	$46.38
Scrap steel (per gross ton)	July 3	$43.00	$43.00	$43.00	$37.67
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	July 4	24.200c	24.200c	24.200c	22.200c
Export refinery at	July 4	27.425c	27.425c	27.425c	22.425c
Straits tin (New York) at	July 4	106.000c	106.000c	136.000c	79.250c
Lead (New York) at	July 4	17.000c	17.000c	17.000c	11.000c
Lead (St. Louis) at	July 4	16.800c	16.800c	16.800c	10.800c
Zinc (East St. Louis) at	July 4	17.500c	17.500c	17.500c	15.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	July 10	97.55	97.31	97.32	102.09
Average corporate	July 10	109.42	109.24	110.88	114.85
Aaa	July 10	114.08	113.50	115.04	120.02
Aa	July 10	112.93	112.37	114.08	118.40
A	July 10	108.34	108.34	110.15	114.66
Baa	July 10	103.13	103.47	105.00	107.09
Railroad Group	July 10	106.39	106.39	107.62	109.24
Public Utilities Group	July 10	108.70	108.34	110.70	116.22
Industrials Group	July 10	113.50	113.12	114.46	119.41
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	July 10	2.66	2.68	2.68	2.34
Average corporate	July 10	3.20	3.21	3.12	2.91
Aaa	July 10	2.95	2.98	2.90	2.65
Aa	July 10	3.01	3.04	2.95	2.73
A	July 10	3.26	3.26	3.16	2.92
Baa	July 10	3.56	3.54	3.45	3.3
Railroad Group	July 10	3.37	3.37	3.30	3.21
Public Utilities Group	July 10	3.24	3.26	3.13	2.84
Industrials Group	July 10	2.98	3.00	2.93	2.68
MOODY'S COMMODITY INDEX	July 10	481.6	484.5	493.6	423.8
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	June 30	221,045	173,687	266,566	220,204
Production (tons)	June 30	244,242	244,969	243,835	211,058
Percentage of activity	June 30	103	103	100	94
Unfilled orders (tons) at	June 30	547,963	572,552	658,722	394,110
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1926-36 AVERAGE=100	July 6	150.0	150.2	151.6	121.0
STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE—SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)—					
Number of orders	June 23	27,026	27,418	35,093	24,425
Number of shares	June 23	750,440	781,195	1,026,075	766,220
Dollar value	June 23	$34,973,167	$37,475,320	$45,279,279	$33,621,684
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	June 23	22,709	23,438	27,274	28,444
Customers' short sales	June 23	176	228	353	131
Customers' other sales	June 23	22,533	23,210	26,921	28,313
Number of shares—Total sales	June 23	606,741	654,333	793,875	798,010
Customers' short sales	June 23	6,654	8,541	13,445	5,804
Customers' other sales	June 23	600,087	645,792	780,430	792,206
Dollar value	June 23	$26,320,496	$28,161,326	$33,506,448	$30,963,978
Round-lot sales by dealers—					
Number of shares—Total sales	June 23	176,020	173,030	197,790	268,280
Short sales	June 23	------	------	------	------
Other sales	June 23	176,020	173,030	197,790	268,280
Round-lot purchases by dealers—					
Number of shares	June 23	291,140	337,410	455,370	237,980
WHOLESALE PRICES NEW SERIES — U. S. DEPT. OF LABOR—1926=100:					
All commodities	July 3	180.5	*180.8	181.9	159.6
Farm products	July 3	198.0	197.5	197.5	171.6
Grains	July 3	176.5	*174.5	181.3	173.8
Livestock	July 3	265.0	256.0	262.6	237.1
Foods	July 3	187.4	186.5	187.3	164.8
Meats	July 3	275.0	275.4	275.4	246.6
All commodities other than farm and foods	July 3	168.8	*169.6	170.8	149.9
Textile products	July 3	178.3	*178.3	182.9	138.8
Fuel and lighting materials	July 3	138.6	138.7	138.5	133.2
Metals and metal products	July 3	188.2	188.2	189.3	172.0
Building materials	July 3	224.7	225.3	227.2	205.8
Lumber	July 3	350.8	352.7	358.9	†
Chemicals and allied products	July 3	137.3	139.2	140.9	115.7

*Revised. †Not available. ¶Includes 524,000 barrels of foreign crude runs.

	Latest Month	Previous Month	Year Ago
ALUMINUM (BUREAU OF MINES):			
Production of primary aluminum in the U. S. (in short tons)—Month of May	67,721	67,701	61,929
Stocks of aluminum (short tons) end of May	14,539	13,415	16,341
BUILDING CONSTRUCTION PERMIT VALUATION IN URBAN AREAS OF THE U. S. — U. S. DEPT. OF LABOR — Month of April (000's omitted):			
All building construction	$753,583	*$770,269	$923,165
New residential	438,607	*415,811	599,362
New nonresidential	229,502	*263,920	235,746
Additions, alterations, etc.	85,474	*90,538	88,057
BUSINESS INCORPORATIONS (NEW) IN THE UNITED STATES—DUN & BRADSTREET, INC.—Month of May	7,544	7,653	9,216
HOUSEHOLD VACUUM CLEANERS — STANDARD SIZE (VACUUM CLEANER MANUFACTURERS ASSN.)—Month of May:			
Factory sales (number of units)	201,963	227,216	278,645
LIFE INSURANCE—BENEFIT PAYMENTS TO POLICYHOLDERS — INSTITUTE OF LIFE INSURANCE—Month of April:			
Death benefits	$146,005,000	$153,724,000	$128,731,000
Matured endowments	43,726,000	47,349,000	40,216,000
Disability payments	8,831,000	8,682,000	7,884,000
Annuity payments	21,715,000	22,689,000	19,888,000
Surrender values	58,309,000	62,476,000	52,620,000
Policy dividends	57,811,000	71,371,000	46,463,000
Total	$336,397,000	$366,291,000	$295,802,000
METAL PRICES (E. & M. J. QUOTATIONS)— Average for month of June:			
Copper (per pound)—			
Electrolytic domestic refinery	24.200c	24.200c	21.995c
Electrolytic export refinery	27.374c	25.471c	22.117c
Lead (per pound)—			
Common, New York	17.000c	17.000c	11.808c
Common, St. Louis	16.800c	16.800c	11.608c
Silver and Sterling Exchange—			
Silver, New York (per ounce)	88.439c	90.160c	72.750c
Silver, London (pence per ounce)	77.071d	78.500d	63.500d
Sterling Exchange (Check)	$2.80000	$2.80000	$2.80000
Zinc (per pound)—East St. Louis	17.500c	17.500c	14.647c
Tin (per pound)—			
New York Straits	117.962c	139.923c	77.688c
§§New York, 99% min.	116.962c	138.923c	76.688c
Gold (per ounce, U. S. price)	$35.000	$35.000	$35.000
Quicksilver (per flask of 76 pounds)	$210.000	$212.923	$70.000
¶Antimony (per pound) (E. & M. J.)	45.300c	45.300c	27.780c
Antimony (per pound) bulk, Laredo	42.000c	42.000c	24.500c
Antimony (per pound) in cases, Laredo	42.500c	42.500c	25.000c
Antimony (per pound), Chinese Spot	Nominal	Nominal	Nominal
Platinum, refined (per ounce)	$90.000	$90.000	$66.000
†Cadmium (per pound)	$2.55000	$2.55000	$2.08077
‡Cadmium (per pound)	$2.67500	$2.67500	$2.15577
§Cadmium (per pound)	$2.80000	$2.80000	$2.23077
Cobalt, 97%	$2.10000	$2.10000	$1.80000
Aluminum, 99% plus, ingot (per pound)	19.000c	19.000c	17.500c
Magnesium, ingot (per pound)	24.500c	24.500c	21.500c
**Nickel	56.500c	50.500c	48.000c
MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U. S. (AUTOMOBILE MANUFACTURERS ASSOC.) — Month of May:			
Total number of vehicles	652,868	*639,272	696,893
Number of passenger cars	512,076	*503,038	575,518
Number of motor trucks	140,050	135,415	120,963
Number of motor coaches	742	819	412
PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE)—Month of April (in billions):			
Total personal income	244.4	*242.8	213.8
Wage and salary receipts, total	161.5	*160.5	135.3
Total employer disbursements	164.9	*164.1	138.1
Commodity producing industries	73.2	*73.0	59.1
Distributive industries	44.1	44.1	39.7
Service industries	20.0	20.0	18.2
Government	27.6	*27.0	26.6
Less employee contributions for social insurance	3.4	3.6	2.8
Other labor income	3.6	3.5	3.3
Proprietors' and rented income	47.5	*47.2	39.8
Personal interest income and dividends	19.7	19.5	18.2
Total transfer payments	12.1	*12.1	17.2
Total nonagricultural income	224.7	*234.0	198.7
PORTLAND CEMENT (BUREAU OF MINES)— Month of May:			
Production (barrels)	21,925,000	20,184,000	19,941,000
Shipment from mills (barrels)	24,894,000	20,953,000	22,834,000
Stocks (at end of month—barrels)	19,394,000	22,370,000	20,050,000
Capacity used	96%	91%	90%
PRICES RECEIVED BY FARMERS — INDEX NUMBER — U. S. DEPT. OF AGRICULTURE—August, 1909-July, 1914=100—As of April 15:			
Unadjusted—			
All farm products	309	311	241
Crops	275	276	225
Food grain	247	245	227
Feed grain and hay	222	221	181
Tobacco	438	437	389
Cotton	363	359	242
Fruit	209	202	206
Truck crops	225	265	205
Oil-bearing crops	385	386	239
Livestock and products	340	343	256
Meat animals	428	428	312
Dairy products	273	280	235
Poultry and eggs	215	217	161
SELECTED INCOME ITEMS OF U. S. CLASS I RYS. (Interstate Commerce Commission)—Month of March:			
Net railway operating income	$78,262,798	$18,958,789	$75,762,315
Other income	19,847,411	17,513,918	17,906,793
Total income	98,110,209	36,472,707	93,669,108
Miscellaneous deductions from income	8,759,387	4,126,335	4,634,112
Income available for fixed charges	89,350,822	32,346,372	89,034,996
Income after fixed charges	54,224,555	¶¶472,736	54,255,709
Other deductions	3,038,023	3,045,579	3,315,608
Net income	51,186,532	¶¶3,518,315	50,940,101
Depreciation (way & structures & equip.)	36,475,529	36,262,399	34,920,312
Amortization of defense projects	4,405,236	1,662,582	1,371,626
Federal income taxes	48,249,174	20,917,350	31,567,027
Dividend appropriations:			
On common stock	22,577,275	22,335,570	11,595,049
On preferred stock	5,550,476	32,356,968	4,945,685
Ratio of income to fixed charges	2.54	.99	2.56

*Revised figure. †Based on the producers' quotation. ‡Based on the average of the producers' and platers' quotations. §Based on platers' quotations. ¶Domestic, five tons or more but less than carload lot packed in cases, f.o.b. New York. **F.O.B. Port Colburne, N. S., U. S. duty included. §§Tin contained. ¶¶Deficit.

Securities Now in Registration

★ REVISIONS THIS WEEK
● INDICATES ADDITIONS

New Registrations and Filings

Air-Springs, Inc., New York
July 9 (letter of notification) 14,000 shares of common stock (par 10 cents), of which 5,000 shares are for account of company and 9,000 shares for selling stockholder. **Price**—For 5,000 shares, $5 per share; for 4,000 shares, 10 cents per share. **Underwriter**—d'Avigdor Co., New York. **Proceeds**—For general corporate purposes.

Big Horn-Powder River Corp., Denver, Colo.
July 2 (letter of notification) 68,125 shares of common capital stock. **Price**—At par ($1 per share). **Underwriter**—None. **Proceeds**—To drill and equip oil well. **Office**—603 Railway Exchange Bldg., Denver, Colo.

Central Electric & Gas Co., Lincoln, Neb.
July 2 (letter of notification) 25,000 shares of common stock (par $3.50) to be offered to employees pursuant to a stock purchase plan. **Price**—At the market (approximately $9.50 to $10.50 per share). **Underwriter** — None. **Proceeds**—For construction. **Office**—144 South 12th St., Lincoln, Neb.

Century Geophysical Corp., Tulsa, Okla.
June 29 (letter of notification) 104,000 shares of common stock (par $1). **Price** — $2.87½ per share. **Underwriter**—First Southwest Co., Dallas, Tex. **Proceeds**—For working capital. **Office**—1333 North Utica, Tulsa, Okla.

Continental Sulphur & Phosphate Corp., Dallas, Tex.
June 27 (letter of notification) 23,967 shares of common stock (par 10 cents). **Price**—$4 per share. **Underwriter**—None. **Proceeds** — To finance drilling and exploration expenses. **Office**—2010 Tower Petroleum Bldg., Dallas, Tex.

Dakota Petroleum Co., Ashley, N. D.
June 29 (letter of notification) 10,000 shares of class A stock (no par) and 40,000 shares of class B stock (no par). **Price**—$2 per share. **Underwriter**—None. **Proceeds**—To drill wells and secure additional acreage.

Eureka Silver King Mines Corp., Boise, Ida.
June 27 (letter of notification) 300,000 shares of common capital stock. **Price** — 10 cents per share. **Underwriter** — None. **Proceeds**—For quartz mining development and production. **Office** — 532 First National Bank Bldg., Boise, Ida.

Falls Creek Mining Co., Seattle, Wash.
June 27 (amendment to letter of notification) 400,000 shares of common stock (par 10 cents). **Price**—20 cents per share. **Underwriter**—None. **Proceeds**—To S. A. Leining and Philip Seymour Heath, two selling stockholders. **Office**—418 Second & Cherry Bldg., Seattle 4, Wash.

Gas Installations Inc., Utica, N. Y.
July 9 (letter of notification) $64,000 of serial notes and 3,800 shares of common stock (par 10 cents) to be offered in units, viz: (a) $45,000 of senior notes due Sept. 1, 1951 to April 1, 1955, and 1,901 shares of stock to First York Corp. at a price of $45,190; (b) 50 units, each consisting of a $100 junior note and 10 shares of stock at $101 per unit to stockholders of Household Services Inc.; (c) one unit of a $1,000 junior note and 99 shares of stock to directors and larger stockholders of Household Services; and (d) 13 units each consisting of a $1,000 junior note and 100 shares of stock of $1,010 per unit to directors and larger stockholders of Household Services. **Underwriter**—None. **Proceeds**—To purchase propane gas installations in Boonville, N. Y., formerly owned and operated by Robert E. Harvey Gas Co.

General Finance Corp., Chicago, Ill.
July 3 (letter of notification) 46,153 shares of common stock (par $1), to be offered to employees, officers and directors of company. **Price**—$6.50 per share. **Underwriter**—None. **Proceeds**—To The First National Bank of Chicago as Trustee for the Estate of Owen L. Coon. **Office**—184 West Lake St., Chicago 1, Ill.

Gulf Aluminum Corp., New Orleans, La.
June 25 (letter of notification) 10,000 shares of class "A" non-voting common stock and 10,000 shares of class "B" voting common stock. **Price** — At par ($10 per share). **Underwriter** — None. **Proceeds** — For equipment and worknig capital. **Address**—P. O. Box 186, 822 Perdido St., New Orleans, La.

Inter County Telephone & Telegraph Co., Ft. Myers, Fla.
June 27 (letter of notification) 6,000 shares of 5% cumulative preferred stock, series B. **Price**—At par ($25 per share). **Underwriters**—Florida Securities Co., St. Petersburg, Fla.; and H. W. Freeman & Co., Fort Myers, Fla. **Proceeds**—For general corporate purposes.

Michigan Consolidated Gas Co. (8/7)
July 6 filed $15,000,000 of first mortgage bonds due Aug. 1, 1976. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Smith, Barney & Co. and Blyth & Co., Inc. (jointly); White, Weld & Co. and Lehman Brothers (jointly); Harriman Ripley & Co. Inc. and Union Securities Corp. (jointly); Glore, Forgan & Co. and W. C. Langley & Co. (jointly). **Proceeds**—From sale of bonds plus $5,012,000 from sale of 358,000 shares of common stock to American Natural Gas Co., parent, will be used to repay bank loans and to finance expansion program. **Bids**—To be opened at 10:30 a.m. (EST) on Aug. 7 at company's office, 415 Clifford St., Detroit, Mich.

National Aviation Corp.
July 5 (letter of notification) 700 shares of common stock (par $5). **Price**—At market (approximately $16 per share). **Underwriter** — Thomson & McKinnon, New York. **Proceeds**—To Elmer Wellin, the selling stockholder.

Official Films, Inc., Jersey City, N. J.
July 3 (letter of notification) 5,911 shares of class A stock (par 10 cents). **Price**—At market (but in no event less than $2.62½ per share). **Underwriter**—Aetna Securities Corp., New York. **Proceeds**—To Edward R. Murrow, a director. **Office**—26 Journal Square, Jersey City, N. J.

Pitney-Bowes, Inc., Stamford, Conn.
July 2 (letter of notification) 9,370 shares of common stock to be offered to employees under stock purchase plan. **Price**—$14 per share (at rate of 36 cents per share per month). **Underwriter**—None. **Proceeds**—For working capital.

Pittsburgh Coke & Chemical Co.
July 5 filed 140,243 shares of common stock (no par) to be offered for subscription by common stockholders at rate of one share for each four shares held. **Price**—To be supplied by amendment (proposed maximum offering price is $30 per share). **Underwriter**—None. **Proceeds**—From the sale of this stock and the proceeds from certain borrowings together with company funds will be applied to construction program.

Robinson Bros., Inc., Washington, D. C.
June 29 (letter of notification) 2,000 shares of capital stock (no par). **Price**—$25 per share. **Underwriter**—None. **Proceeds**—To purchase building supplies. **Office**—1239 Kenilworth Ave., N. E., Washington, D. C.

Role Co. of California, El Cajon, Calif.
July 2 (letter of notification) 13,598 shares of capital stock, of which 10,000 shares are to offered to public and 3,598 shares are to be issued to Role, Inc., the predecessor company. **Price**—$5 per share. **Underwriter**—None. **Proceeds**—To purchase additional materials and machinery and repay loan. **Address**—P. O. Box 146, El Cajon, Calif.

Ronson Art Metal Works Inc.
July 6 (letter of notification) not in excess of 1,600 shares of common stock (par $1). **Price** — At market (about $17.75 per share). **Underwriter** — Laird & Co., New York. **Proceeds**—To Alexander Harris, President, who is the selling stockholder.

Rose Hill Estates, Inc., Washington, D. C.
June 29 (letter of notification) $30,000 of promissory notes secured on first deed of trust on land in Montgomery County, Md. **Underwriter**—B. F. Saul Co., Washington, D. C.

Saul (B. F.) Co.
July 2 (letter of notification) $225,000 of promissory notes secured on property in Washington, D. C., of Martha F. Riess and Elsie E. Marks. **Underwriter**—B. F. Saul Co., Washington, D. C.

West Virginia Water Service Co.
June 27 (letter of notification) 1,000 shares of $5 cumulative convertible preferred stock (no par). **Price**—$105.50 per share. **Underwriter**—Allen & Co., New York. **Proceeds**—For new construction.

Winston & Newell Co., Minneapolis, Minn.
July 5 filed 50,000 shares of common stock (par $5). **Price**—To be supplied by amendment. **Underwriter**—J. M. Dain & Co., Minneapolis, Minn. **Proceeds**—To reduce bank loans.

Previous Registrations and Filings

Air Facilities, Inc., Phoenix, Ariz.
June 4 (letter of notification) 193,800 shares of 6% preferred stock (par $1) and 193,800 shares of common stock (par 25 cents) to be offered in units of one share of preferred and one share of common stock. **Price**—$1.50 per unit. **Underwriter** — None. **Proceeds** — To purchase equipment and material. **Office**—1018 Title & Trust Building, Phoenix, Ariz.

★ American Bosch Corp., Springfield, Mass.
May 17 filed 98,000 shares of common stock (par $2). **Price**—At the market (approximately $15 per share). **Underwriter**—None. **Proceeds**—To Allen & Co. (owner of 198,000 shares, or 15.1% of outstanding shares). Statement effective July 3.

American Brake Shoe Co.
June 29 filed 50,000 shares of common stock (no par) to be offered to certain officers and key employees through a stock purchase plan. **Price**—To be not greater than the market price on the date of the offering, or no less than 85% of such price. **Underwriter**—None. **Proceeds**—To be added to general funds.

★ Arden Farms Co., Los Angeles, Calif.
June 11 filed 55,000 shares of $3 cumulative and participating preferred stock (no par) of which 54,444 shares are first to be offered to preferred stockholders at rate of one share for each 4½ shares held; unsubscribed shares to be offered publicly. **Price**—$45 per share. **Underwriter**—None. **Proceeds**—To repay bank loans. Statement effective July 6.

Armstrong Rubber Co., West Haven, Conn.
May 21 (letter of notification) 1,000 shares of 4¾% cumulative convertible preferred stock (par $50) and 1,000 shares of class A common stock (no par). **Price** — The preferred at par and the common at $25 per share. **Underwriter**—Gruntal & Co., New Haven, Conn. **Proceeds** — To Frederick Machlin, Vice-President of the company.

Ashland Oil & Refining Co., Ashland, Ky.
May 21 (letter of notification) 1,000 shares of common stock (par $1). **Price**—At the market (approximately $35 per share). **Underwriter** — None. **Proceeds** — For working capital. **Office**—1409 Winchester Ave., Ashland, Ky.

★ Bank of Nova Scotia, Toronto, Canada
June 12 filed 300,000 shares of capital stock (par $10) being offered to stockholders of record June 30, 1951, with unsubscribed shares to be publicly offered after Oct. 5. **Price**—$30 per share. **Underwriter**—None. **Proceeds**—To be added to general funds. Statement effective June 28.

Bigelow-Sanford Carpet Co., Inc.
May 16, filed 100,000 shares of 4½% cumulative preferred stock, series of 1951 (par $100), of which 39,604½ shares are issuable to holders of 26,403 shares of 6% preferred stock on the basis of 1½ shares for each preferred share held. Public offering of the additional 60,000 shares of new preferred stock has been deferred due to present market conditions. **Underwriters**—Harriman Ripley & Co., Inc.; Kidder, Peabody & Co., and F. S. Moseley & Co. **Proceeds**—For general corporate purposes.

Brown Shoe Co., Inc., St. Louis, Mo.
June 7 filed 197,737 shares of common stock (par $15), of which 124,187 are being offered in exchange for Wohl Shoe Co. capital stock on a 2½-for-1 basis; offer to expire on July 16. The remaining 73,550 shares are offered to key employees under the company's stock option plan. **Proceeds**—For general corporate purposes. Statement effective June 26.

Burlington Mills Corp.
March 5 filed 300,000 shares of convertible preference stock (par $100). **Price**—To be supplied by amendment. **Underwriter**—Kidder, Peabody & Co., New York. **Proceeds**—For additions and improvements to plant and equipment. Offering date postponed.

Canam Copper Co., Ltd., Vancouver, Canada
April 20 filed 200,000 shares of capital stock. **Price**—At par ($1 per share). **Underwriter**—Harry M. Forst. **Proceeds**—For exploration and development work.

Central Fibre Products Co., Quincy, Ill.
June 11 (letter of notification) 3,000 shares of non-voting common stock (par $5). **Price**—At the market. **Underwriter**—Bosworth, Sullivan & Co., Denver, Colo. **Proceeds**—To two selling stockholders. **Office**—901 S. Front St., Quincy, Ill.

★ Central Vermont Public Service Corp. (7/31)
June 29 filed $2,000,000 of first mortgage bonds, series G, due 1981. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; W. C. Langley & Co. and Hemphill, Noyes, Graham, Parsons & Co. (jointly); Lehman Brothers; Coffin & Burr, Inc. and The First Boston Corp. (jointly); Carl M. Loeb, Rhoades & Co. and Blair, Rollins & Co. Inc. (jointly); Kidder, Peabody & Co.; Smith, Barney & Co. **Proceeds**—To reduce short-term borrowings and for additional construction requirements. **Bids**—Invitations for bids are expected to be published about July 21 with bids probably opened on July 31.

Checker Cab Manufacturing Co. (7/24)
June 28 filed 433,444 shares of common stock (par $1.25) to be offered for subscription by common stockholders of record July 24 at rate of one new share for each share held; rights to expire on Aug. 9. **Price**—To be supplied by amendment. **Underwriters**—None. **Proceeds**—To repay loans and for additional working capital.

Chevron Petroleums, Ltd., Toronto, Canada
March 14 filed 900,000 shares of common stock (par $1) to be offered "as a speculation." **Price** — 50 cents per share. **Underwriter**—Willis E. Burnside & Co., Inc., New York. **Proceeds**—To take up option and develop properties. **Offering**—Indefinitely postponed.

★ Chief Consolidated Mining Co.
June 20 (letter of notification) 218,181 shares of capital stock (par $1) being offered to stockholders of record June 28 on basis of one new share for each 5½ shares held, with an oversubscription privilege; rights to expire July 16. **Price**—$1.25 per share. **Underwriter**—J. A. Hogle & Co., Salt Lake City, Utah. **Proceeds**—For further exploration of ore runs below present water level.

Continental Car-Nar-Var Corp., Brazil, Ind.
March 5 (letter of notification) 150,000 shares of common (voting) stock (par $1). **Price**—$2 per share. **Underwriters**—Sills, Fairman & Harris, Inc., Chicago, and Gearhart, Kinnard & Otis, Inc., New York. **Proceeds**—For working capital and general corporate purposes. Temporarily deferred.

★ **Continental Electric Co., Geneva, Ill.**
March 2 (letter of notification) $300,000 of 6% sinking fund debentures due Dec. 1, 1975 (to be issued in units of $100, $500 and $1,000 each). **Price**—91% of principal amount. **Underwriter**—Boettcher & Co., Chicago, Ill. **Proceeds**—To retire indebtedness and for working capital. **Offering**—Postponed indefinitely.

Cornucopia Gold Mines
May 14 (letter of notification) 229,800 shares of common stock (par five cents) to be offered for subscription by stockholders of record June 30, 1951, on a one-for-five basis, with an oversubscription privilege; rights to expire on Oct. 1. **Price**—To be determined by directors, but not exceeding $1 per share. **Underwriter**—None. **Proceeds**—For working capital. **Office**—824 Old National Bank Bldg., Spokane, Wash.

Cosmopolitan Hotel Co. of Dallas, Tex.
Dec. 13 filed $1,500,000 of 2% debentures due 1965. **Price**—At face value. **Underwriter**—None. **Proceeds**—To purchase debentures of Statler Dallas Co., Inc., which company will construct Dallas hotel. **Business**—A non-profit corporation under sponsorship of Dallas Chamber of Commerce to secure construction of hotel. Statement effective June 15.

Cuban-Venezuelan Oil Voting Trust
March 29 filed 1,500,000 units of voting trust certificates representing one share of one and two cent par common stock in 24 companies. Each share of the 24 companies represents 1/24th of a unit of voting trust certificates of the Trust, which unit contains one share of common stock in each of the 24 Cuban companies. **Price** — $2 per unit. **Underwriter** — None, but Jay H. Schafrann, 20 Pine St., New York 5, N. Y., will act as servicing agent. **Proceeds**—For drilling and exploration expenses and working capital. Statement effective June 19.
June 1, the 24 Cuban companies filed 1,500,000 shares each of their respective common stocks to be issued to the Cuban-Venezuelan Oil Voting Trust. Statement effective June 19.

★ **Cudahy Packing Co.**
March 23 filed $10,000,000 sinking fund debentures due April 1, 1966. **Price** — To be supplied by amendment **Underwriter**—Halsey, Stuart & Co. Inc. **Proceeds**—To reduce bank loans by $9,000,000, and the balance added to working capital. **Withdrawal**—A request was filed on July 2 to withdraw statement.

Culver Corp., Chicago, Ill.
Oct. 23 filed 127,364 shares of common stock (par $5). **Price**—To be equivalent to approximately 95% of the net asset value of all shares of stock outstanding immediately prior to the public offering plus a commission of 50 cents per share to security dealers. **Underwriters**—Dealers may be underwriters. **Proceeds** — For investments in railroad and kindred securities. **Offering**—Exact date not yet determined.

★ **Deardorf Oil Corp., Oklahoma City, Okla.**
May 18 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—70 cents per share. **Underwriter**—None. **Proceeds**—To pay obligations. **Office**—219 Fidelity Bldg., Oklahoma City, Okla. **Offering**—Temporarily postponed "because of market conditions."

Dome Exploration (Western) Ltd. (7/23)
July 2 filed 500,000 shares of common stock (par $2.50). **Price**—To be supplied by amendment. **Underwriters**—Carl M. Loeb, Rhoades & Co., New York, and Wood, Gundy & Co., Ltd., Toronto, Canada. **Proceeds**—To retire notes and to acquire property for drilling operations. **Office**—Toronto, Canada.

Drakenfeld (B. F.) & Co., Inc.
June 15 (letter of notification) 2,000 shares of capital stock **Price**—At not less than $40 per share. **Underwriter**—None, but Hornblower & Weeks, New York, will act as broker. **Proceeds**—To a selling stockholder.

Drayson-Hanson, Inc., Los Angeles, Calif.
June 4 (letter of notification) 50,000 shares of common stock (par 40 cents). **Price**—$1.20 per share. **Underwriter**—Edgerton, Wykoff & Co., Los Angeles, Calif. **Proceeds**—To purchase real property and plant.

Duplan Corp.
June 28 (letter of notification) 4,000 shares of common stock (no par) to be sold from time to time on the New York Stock Exchange. **Price**—At market (about $13.75 per share). **Underwriter**—None, but Dominick & Dominick, New York, will act as brokers. **Proceeds**—To Ernest C. Geier, Chairman, who is the selling stockholder.

★ **El Paso Natural Gas Co. (7/25)**
June 29 filed 70,000 shares of convertible second preferred stock (no par). **Price**—To be supplied by amendment. **Underwriter** — White, Weld & Co., New York. **Proceeds**—For expansion program.

Farmers Mutual Telephone Co., Madison, Minn.
May 9 (letter of notification) 2,600 shares of common stock and 1,200 shares of preferred stock. **Price**—$35 per share for common and $50 for preferred. **Underwriter**—None. **Proceeds** — To rebuild rural telephone system. **Office**—Cerro Gordo, Madison, Minn.

Felters Co., Boston, Mass.
June 18 (letter of notification) 670 shares of common stock (par $10). **Price**—To range from $9 to $10.50 per share. **Underwriter**—Proctor, Cook & Co., Boston, Mass. **Proceeds**—To Emma B. Proctor, the selling stockholder.

★ **Food Machinery & Chemical Corp.**
June 13 filed 100,000 shares of common stock (par $10) to be offered to employees. **Price**—To be based on market on New York Stock Exchange (about $34.50 per share). **Underwriter**—None. **Proceeds**—For general corporate purposes. Statement effective June 29.

NEW ISSUE CALENDAR

July 12, 1951
Texas & Pacific Ry. noon (EDT) ______ Eq. Tr. Ctfs.

July 16, 1951
Washington Gas Light Co. 11:30 a.m. (EDT) __ Bonds

July 17, 1951
Glass Fibers, Inc. ______ Common
Marquette Cement Manufacturing Co. ______ Common
New York State Electric & Gas Corp. ______ Common
Scranton Electric Co. ______ Preferred

July 18, 1951
General Telephone Corp. ______ Common
Green River Steel Corp. ______ Debs. & Common

July 19, 1951
Texas Gas Transmission Corp. ______ Preferred

July 20, 1951
Meridian & Bigbee River Ry. 10 a.m. (EDT) __ Bonds
Montana-Dakota Utilities Co. ______ Common

July 23, 1951
Dome Exploration (Western) Ltd. ______ Common
Lehman Corp. ______ Common
Mississippi Power Co. 11 a.m. (EDT) ______ Bonds
St. Louis-San Francisco Ry.
noon (EDT) ______ Equip. Tr. Ctfs.

July 24, 1951
Checker Cab Manufacturing Co. ______ Common
Pacific Power & Light Co. ______ Common
United Gas Corp. 11:30 a.m. (EDT) ______ Bonds

July 25, 1951
El Paso Natural Gas Co. ______ Preferred

July 31, 1951
Central Vermont Public Service Corp. ______ Bonds

August 7, 1951
Michigan Consolidated Gas Co.
10.30 a.m. (EDT) ______ Bonds

August 31, 1951
Southern Counties Gas Co. of California ____ Bonds

September 11, 1951
Alabama Power Co. ______ Bonds

Fosgate Citrus Concentrate Cooperative (Fla.)
June 29 filed 453 shares of class A common stock (par $100); 5,706 shares of 5% class B preferred stock (par $100), cumulative beginning three years from July 10, 1950; 8,000 shares of 4% revolving fund class C stock (par $100); 2,000 shares of 4% revolving fund class C stock (par $50); and 4,000 shares of 4% revolving fund class C stock (par $25). **Price**—At par. **Underwriters**—None. **Proceeds**—To construct and equip frozen concentrate plant at Forest City, Fla.

Fruehauf Trailer Co., Detroit, Mich.
June 15 filed 115,000 shares of common stock (par $1), to be "offered to certain employees pursuant to stock option plans." **Price**—At 85% or 95% of the highest sale price of the stock on the New York Stock Exchange on the day on which the option is delivered to the employee. **Underwrtier**—None. **Proceeds**—For working capital.

General Telephone Corp. (7/18)
June 29 filed 300,000 shares of common stock (par $20). **Price**—To be supplied by amendment. **Underwriter**—Paine, Webber, Jackson & Curtis, New York. **Proceeds**—For additional investments in common stock equities of subsidiaries, temporary advances to subsidiaries for reduction of their bank loans and for use in their 1951 construction programs, and for general corporate purposes.

★ **Glass Fibers, Inc., Toledo, Ohio (7/17-18)**
June 26 filed 200,000 shares of common stock (par $1). **Price** — To be supplied by amendment. **Underwriter**—McCormick & Co., Chicago, Ill. **Proceeds**—For proposed Southern California plant and for working capital.

Golconda Mines Ltd., Montreal, Canada
April 9 filed 750,000 shares of common stock. **Price**—At par ($1 per share). **Underwriter**—George F. Breen, New York. **Proceeds**—For drilling expenses, repayment of advances and working capital. **Offering**—Date not set.

★ **Green River Steel Corp. (7/18)**
June 5 filed $4,000,000 of 3½% debentures due 1961 and 320,000 shares of common stock (par 25 cents) to be offered in units of $1,000 of debentures and 80 shares of stock. **Price**—To be supplied by amendment. **Underwriter**—Equitable Securities Corp., Nashville, Tenn. **Proceeds**—To be applied to cost of acquisition, construction and installation of facilities and for other corporate purposes. **Business** — Organized to construct and operate electric furnace steel plant and rolling mill. **Office** — Owensboro, Ky.

Hilton Hotels Corp., Chicago, Ill.
March 30 filed 153,252 shares of common stock (par $5) now offered to holders of common stock of Hotel Waldorf-Astoria Corp. in exchange for their holdings of such stock on a share-for-share basis; offer expires on July 27. **Dealer-Manager** — Carl M. Loeb, Rhoades & Co., New York.

Idaho Custer Mines, Inc., Wallace, Idaho
June 8 (letter of notification) 800,000 shares of non-assessable common stock (par 10 cents). **Price**—25 cents per share. **Underwriter**—H. M. Herrin & Co., Seattle, Wash., and others. **Proceeds**—For development of Livingston mine. **Office**—Scott Bldg., Wallace, Idaho.

International Resistance Co., Phila, Pa.
June 26 (letter of notification) 1,500 shares of common stock (par 10 cents). **Price**—At the market (approximately $6.37½ to $6.62½ per share). **Underwriter**—Stein Bros. & Boyce, Phila., Pa. **Proceeds**—To Harry A. Ehle, Vice-President, who is the selling stockholder.

Jersey Central Power & Light Co.
Feb. 21 filed $1,500,000 first mortgage bonds due in 1981. **Proceeds**—For expansion program. **Bids**—Only one bid was received by company on March 27, from Halsey, Stuart & Co. Inc., which was returned unopened. **Offering**—Postponed indefinitely. Statement effective March 14.

Jersey Central Power & Light Co.
Feb. 21 filed 40,000 shares of cumulative preferred stock (par $100). **Proceeds**—From sale of preferred, together with proceeds to be received from the sale of 350,000 additional common shares to General Public Utilities Corp., the parent, will be used for new construction. **Bids**—Only one bid, from Union Securities Corp. and Salomon Bros. & Hutzler (jointly), was received March 27, which was returned unopened. Statement effective March 14. **Amendment**—On May 8 SEC granted an exemption from competitive bidding. Preferred may be privately placed, but reported, temporarily abandoned.

Lehman Corp. (7/23)
July 2 filed 129,785 shares of capital stock (par $1), to be offered to stockholders of record about July 23 at rate of one new share for each 15 shares held. **Price**—To be approximately the net asset value per share. **Underwriter**—None. **Proceeds**—For investment.

★ **Lily-Tulip Cup Corp., New York**
June 15, filed 75,000 shares of common stock (no par) being offered for subscription by common stockholders of record July 5 on basis of one share for each five shares held; rights to expire July 19. **Price** — $50 per share. **Underwriter**—Blyth & Co., Inc. **Proceeds**—To be applied toward construction of new buildings. Statement effective July 5.

Lindberg Instrument Co., Berkeley, Calif.
June 25 (letter of notification) $100,000 of 6% promissory notes (in denominations of $1,000 or fractions thereof); 20 shares of common stock (par $10) and 40% of fractional royalty interests to be issued by licensors under certain patents for which no consideration will be received. **Underwriter**—None. **Proceeds**—For further development of an electrical sound apparatus called "Fluid Sound."

Loven Chemical of California
June 15 (letter of notification) 86,250 shares of capital stock. **Price**—At par ($1 per share). **Underwriter**—Floyd A. Allen & Co., Los Angeles, Calif. **Proceeds**—For working capital. **Office**—244 So. Pine St., Newhall, Calif.

Marquette Cement Manufacturing Co. (7/17)
June 27 filed 100,000 shares of common stock (par $10), of which 50,000 shares will be offered for account of the company and 50,000 shares for account of 15 selling stockholders. **Price**—To be supplied by amendment. **Underwriter**—A. G. Becker & Co. Inc., Chicago, Ill. **Proceeds**—For general corporate purposes.

Mayfair Markets, Los Angeles, Calif.
May 24 (letter of notification) 5,000 shares of preferred stock (par $50) and 5,000 shares of common stock (no par) to be offered in units of one share of preferred and one share of common stock. **Price**—$60 per unit. **Underwriter** — None. **Proceeds** — For working capital. **Office**—4383 Bandini Boulevard, Los Angeles 23, Calif.

McGraw (F. H.) & Co., Hartford, Conn.
May 17 (letter of notification) 4,650 shares of common stock (par $2). **Price**—$9 per share. **Underwriter**—Granbery, Marache & Co., New York. **Proceeds**—For working capital.

Mercantile Acceptance Corp. of California
May 18 (letter of notification) 4,881 shares of first preferred stock. **Price**—At par ($20 per share). **Underwriter**—Guardian Securities Corp. **Proceeds**—For general corporate purposes.

Mid-Continent Airlines, Inc., Kansas City, Mo.
June 26 (letter of notification) 892 shares of capital stock (par $1). **Price**—Not to succeed $9.50 per share. **Underwriter**—Morgan & Co., Los Angeles, Calif. **Proceeds**—To Thomas F. Ryan, III, the selling stockholder.

Mississippi Power Co., Gulfport, Miss. (7/23)
June 22 filed $4,000,000 of first mortgage bonds due Aug. 1, 1981. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Union Securities Corp. and Equitable Securities Corp. (jointly); Salomon Bros. & Hutzler; First Boston Corp.; Otis & Co.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Beane; Blair, Rollins & Co., Inc. and Carl M. Loeb, Rhoades & Co. (jointly); Lehman Brothers. **Proceeds**—For construction program. **Bids**—To be opened at 11 a.m. (EDT) on July 23.

★ **Mitchum Pharmacal Co., Paris, Tenn.**
May 18 (letter of notification) 290,000 shares of common stock. **Price**—At par ($1 per share). **Underwriter**—None. **Proceeds**—For working capital. **Offering**—Not to be made to public.

★ **Montana-Dakota Utilities Co. (7/20)**
June 27 filed 162,838 shares of common stock (par $5) to be offered July 20 to common stockholders on basis of

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one share for each eight shares held; rights to expire about Aug. 8. **Price**—To be supplied by amendment. **Underwriter** — Blyth & Co., Inc. and Merrill Lynch, Pierce, Fenner & Beane, New York. **Proceeds**—For construction program.

Multnomah Plywood Corp., Portland, Ore.
June 14 (letter of notification) 76 shares of common stock (par $2,500), of which 60 shares will be offered in 20 units of three shares each to 20 individuals who are not stockholders, and 16 shares are to be offered to present stockholders on basis of one share for each two shares owned. **Price**—Per unit, $12,500; and per share, $2,500 to present stockholders. **Underwriter**—None. **Proceeds**—To acquire timber and a peeler plant operation. **Office**—1500 S. W. Harbor Drive, Portland 1, Ore.

National Bangor Slate Co., Wind Gap, Pa.
June 8 (letter of notification) 40,000 shares of common stock (par 50 cents) and 40,000 shares of 8% non-cumulative preferred stock (par $1) to be offered in units of one share of each class of stock. **Price**—$4.50 per unit. **Underwriters**—None; directors will direct sales. **Proceeds**—For payment of debt and purchase of machinery. **Office**—Male Street, Wind Gap, Pa.

New York State Electric & Gas Corp. (7/17)
June 26 filed 217,904 shares of common stock (no par) to be offered for subscription by common stockholders of record July 17 at rate of one new share for each 10 shares held; rights to expire Aug. 2. **Price**—To be supplied by amendment. **Underwriters** — The First Boston Corp., Lehman Brothers, Wertheim & Co., and Merrill Lynch, Pierce, Fenner & Beane, all of New York. **Proceeds**—For construction program.

North American Acceptance Corp.
March 20 (letter of notification) 15,000 shares of 60-cent cumulative convertible preferred stock (par $5). **Price**—$10 per share. **Underwriter**—Michael Investment Co., Inc., Providence, R. I. **Proceeds**—For working capital. **Offering**—Postponed temporarily.

★ **Northrop Aircraft, Inc.**
June 6 filed 125,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Underwriters**—William R. Staats Co., Inc., Los Angeles, Calif. **Proceeds**—For working capital. **Offering**—Postponed indefinitely.

Ohio Edison Co.
March 30 filed 150,000 shares of pfd. stock (par $100). **Underwriters**—To be determined by competitive bidding. Probable bidders: Morgan Stanley & Co.; Lehman Brothers and Bear, Stearns & Co. (jointly); W. C. Langley & Co.; Glore, Forgan & Co. and White, Weld & Co. (jointly); The First Boston Corp. **Proceeds** — For construction program. **Bids**—Indefinitely postponed. Were to have been submitted up to 11:30 a.m. (EDT) on May 2.

Old Colony Finance Corp., Mt. Rainier, Md.
June 1 (letter of notification) $250,000 of 6% subordinated debentures with stock purchase warrants attached. The latter will entitle holders thereof to purchase one share of common stock at $4 per share for each $100 of debentures owned. **Price**—At par (in denominations of $100, $500 and $1,000 each). **Underwriter**—None. **Proceeds**—For working capital. **Office**—3219 Rhode Island Avenue, Mt. Rainier, Md.

Owners Discount Corp., Elkhart, Ind.
June 23 (letter of notification) $200,000 of 5¼% sinking fund debentures, 1951 series (to be issued in denominations of $1,000 and $500 each.) **Underwriter**—City Securities Corp., Indianapolis, Ind. **Proceeds**—To finance retail instalment contracts and make small loans. **Office**—416½ So. Main Street, Elkhart, Ind.

Pacific Power & Light Co. (7/24)
June 29 filed 554,464 shares of common stock (no par), of which 250,000 shares are to be offered for subscription by common stockholders of record July 24 at rate of one new share for each seven shares held, with rights to expire about Aug. 20; and the remaining 304,464 shares are to be sold for the account of certain stockholders. **Price**—To be supplied by amendment. **Underwriters**—Lehman Brothers; Union Securities Corp.; Bear, Stearns & Co.; and Dean Witter & Co. **Proceeds**—From sale of stock to stockholders to be used to finance, in part, construction of 100,000 kilowatt Yale hydro-electric project in Southwest Washington, which, it is estimated, will cost $26,450,000.

Pan American Milling Co., Las Vegas, Nev.
Jan. 24 filed 200,000 shares of common stock. **Price**—At Par ($1 per share). **Underwriter**—None. **Proceeds**—To purchase machinery and equipment, to construct a mill in Mexico and for general corporate purposes. Statement effective June 26 through lapse of time; amendment necessary.

Peabody Coal Co.
March 26 filed 160,000 shares of 5½% prior preferred stock (par $25). **Price**—To be supplied by amendment. **Underwriter**—A. C. Allyn & Co., Inc., Chicago, Ill. **Proceeds**—For construction program. **Offering**—Indefinitely postponed.

Pepsi-Cola Bottling Co. of Wash., D. C., Inc.
May 11 (letter of notification) 5,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Underwriter**—None, but Ferris & Co., Washington, D. C., will act as broker for over-the-counter sales. **Proceeds**—To Bernard B. Schwartzman, the selling stockholder.

Philadelphia Life Insurance Co.
June 28 (letter of notification) 15,000 shares of common stock, of which 7,000 will be offered shareholders and then to public, and 8,000 to officers and employees. **Price**—$11 per share. **Underwriters**—John C. West, Philadelphia, Pa. **Proceeds**—For working capital and reserves. **Office**—111 No. Broad St., Philadelphia 7, Pa.

Philadelphia Suburban Transportation Co.
June 11 (letter of notification) $300,000 of 4½% convertible debentures of 1967 (each $100 principal amount convertible into three shares of common stock). **Price**—At par. **Underwriter**—None. **Proceeds**—For working capital. **Office**—69th Street Terminal, Upper Darby, Pennsylvania.

Pittsburgh Plate Glass Co.
June 27 filed 450,000 shares of common stock (par $10) to be offered to certain employees of the company and its subsidiaries under a stock option plan. **Price**—At 85% of the market price on the New York Stock Exchange at time options are granted. **Underwriter**—None. **Proceeds**—For working capital.

Pittsburgh Steel Co.
June 26 filed 12,569 shares of first series 5½% prior preferred stock (par $100) and 27,495 shares of common stock (no par) to be offered in exchange for Thomas Steel Co. 4¼% cumulative preferred stock (par $100) at rate of 8/10ths of a share of 5½% preferred and 1¾ shares of common stock for each Thomas Steel preferred share (unexchanged Thomas preferred stock will be called for redemption at $105 per share). **Underwriter**—None.

Potlatch Yards, Inc., Spokane, Wash.
May 22 (letter of notification) 20,000 shares of common stock (par $5). **Price** — $15 per share. **Underwriter** — None. **Proceeds**—For general corporate purposes. **Office**—909 W. Sprague Avenue, Spokane, Wash.

★ **Reading Tube Corp., Long Island City**
June 5 filed $1,859,256 of 20-year 6% sinking fund debentures due July 1, 1971, and 66,402 shares of class B stock (par 10 cents) being offered in exchange for 265,608 shares of outstanding class A cumulative and participating stock (par $6.25) on the basis of $7 principal amount of debentures and one-fourth of a share of class B stock for each class A share held; offer to expire on Aug. 4. **Dealer-Manager** — Aetna Securities Corp., New York. Statement effective June 29.

Realty Co., Denver, Colo.
June 7 (letter of notification) 2,000 shares of capital stock (par 25 cents). **Price**—$6 per share. **Underwriters**—Ralph S. Young, Colorado Springs, Colo; J. A. Hogle & Co., Salt Lake City, Utah; and Garrett-Bromfield & Co., Denver, Colo. **Proceeds**—For working capital. **Office**—937 U. S. National Bank Bldg., Denver, Colo.

★ **S & W Fine Foods, Inc.**
June 22 filed 84,950 shares of common stock (par $10). **Price**—To be supplied by amendment. **Underwriter**—Blyth & Co., Inc., New York. **Proceeds**—For new construction and for working capital.

Scranton Electric Co., Philadelphia, Pa. (7/17)
June 29 filed 21,752 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Underwriter**—Kidder, Peabody & Co., New York. **Proceeds**—For construction program.

★ **Socony-Vacuum Oil Co., Inc.**
June 28 filed interests in corporation's employees' savings plan which will permit an employee to allot from 1% to 5% of his base pay, with the employer contributing an additional amount equal to 50% of his allotment; also 1,000,000 shares of capital stock (par $15) which may be purchased in open market or from company at market; aggregate contributions are not to exceed $35,000,000. **Proceeds**—Employees may direct that funds in his account be invested in one or more of the following: (a) Series E U. S. Government bonds; (b) capital stock of corporation; or (c) common stock of any investment company eligible for investment.

South State Uranium Mines Ltd. (Canada)
April 9 filed by amendment 384,000 shares of capital stock. **Price** — At par ($1 per share). **Underwriter-Optionee**—Robert Irwin Martin of Toronto. **Proceeds**—For commissions, exploration and development expenses, and working capital.

Southern New England Telephone Co.
June 8 filed 400,000 shares of capital stock (par $25), being offered for subscription to stockholders of record June 27, 1951, in the ratio of one share for each eight shares held; rights to expire July 20. **Price**—At par. **Underwriters** — None. **Proceeds** — To repay advances from parent company, American Telephone & Telegraph Co., and for new construction. Statement effective June 26.

Southwestern Associated Telephone Co.
June 15, filed 17,500 shares of $5.50 cumulative preferred stock (no par). **Price**—To be supplied by amendment. **Underwriters**—Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp., both of New York, and Rauscher, Pierce & Co., Inc., Dallas, Texas. **Proceeds**—To retire $1,500,000 of bank loans and the balance added to general corporate funds. **Offering** — Postponed.

Spiegel, Inc., Chicago, Ill.
June 21 filed 78,250 shares of common stock (par $2), to be issuable upon exercise of stock options granted to officers and key executives of the company under plan adopted by stockholders on April 18. **Price**—$11.70 per share. **Underwriter**—None. **Proceeds**—To reduce bank borrowings and for working capital.

Sterling Engine Co., Buffalo, N. Y.
April 27 (letter of notification) an aggregate of not to exceed 16,000 shares of common stock (par 10 cents). **Price**—At market (about $2.25 per share). **Underwriter**—None, but Bache & Co. will act as broker. **Proceeds**—To Addison F. Vare, the selling stockholder.

Texas Gas Transmission Corp. (7/19)
June 28 filed 100,000 shares of preferred stock (par $100). **Price**—To be supplied by amendment. **Underwriter**—Dillon, Read & Co. Inc., New York. **Proceeds**—For expansion program.

Texas Southeastern Gas Co., Bellville, Tex.
May 16 (letter of notification) 19,434 shares of common stock to be offered to common stockholders through transferable warrants. **Price** — At par ($5 per share). **Underwriter**—None. **Proceeds**—For working capital.

United Gas Corp.
May 25 filed 1,065,330 shares of common stock (par $10) being offered to common stockholders of record June 27, 1951, on basis of one new share for each ten shares held, with an oversubscription privilege; rights to expire on July 19. **Price**—$17.50 per share. **Underwriter**—None. **Proceeds** — To purchase securities of United Gas Pipe Line Co., a subsidiary, which, in turn, will use the proceeds to pay costs of new construction. Statement effective June 21.

United Gas Corp. (7/24)
May 25 filed $50,000,000 of first mortgage and collateral trust bonds due 1971. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co., White, Weld & Co. and Equitable Securities Corp. (jointly); First Boston Corp.; Harriman Ripley & Co., Inc., and Goldman, Sachs & Co. (jointly). **Proceeds**—To purchase securities of United Gas Pipe Line Co., its subsidiary, which, in turn, will use the funds to pay $7,000,000 of 3% promissory notes owned by United Gas Corp., and the remainder for its construction program. **Bids**—To be received up to 11:30 a.m. (EDT) on July 24 at Two Rector Street, New York, N. Y. Statement effective June 21.

United States Steel Corp., Hoboken, N. J.
May 21 filed 1,300,000 shares of common stock (no par) "to be offered from time to time to certain key employees" under an incentive plan. **Price**—At market (to net company about $54,275,000. **Proceeds**—For general corporate purposse. Statement effective June 11.

Urbana Wine Co., Inc.
June 26 (letter of notification) 27,000 shares of capital stock (par $1) to be offered to stockholders of record June 23, 1951 on basis of nine new shares for each share held; rights to expire on July 16. **Price**—$10 per share. **Underwriter**—None. **Proceeds**—To retire bank loan and for working capital. **Office**—Urbana, Hammondsport, N. Y.

Van Lake Uranium Mining Co., Van Dyke, Mich.
June 7 filed 100,000 shares of common stock. **Price**—At par ($1 per share). **Underwriter**—Titus Miller & Co., Detroit, Mich. **Proceeds** — For exploration and drilling of mining claims. **Office**—23660 Van Dyke Avenue, Van Dyke, Mich. **Offering**—Expected soon.

★ **Washington Gas Light Co. (7/16)**
June 20 filed $9,000,000 of refunding mortgage bonds due July 15, 1976. **Underwriters**—To be determined by competitive bidding. Probable bidders Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; Smith, Barney & Co. and White, Weld & Co. (jointly); W. C. Langley & Co. and The First Boston Corp. (jointly); Equitable Securities Corp.; Alex. Brown & Sons. **Proceeds**—For general corporate purposes. **Bids**—To be received up to 11:30 a.m. (EDT) on July 16 at company's office in Washington, D. C.

Weisfield's, Inc., Seattle, Wash.
May 21 (letter of notification) 5,244 shares of capital stock. **Price**—$53 per share. **Underwriter**—None. **Proceeds**—For working capital. **Office**—Ranke Bldg., 1511 Fifth Avenue, Seattle 1, Wash.

Western Osage Oil Co., Inc., Las Vegas, Nev.
May 28 filed 1,000,000 shares of common stock (par 20 cents). **Price**—To be supplied by amendment. **Underwriter**—None. **Proceeds**—For drilling of exploratory well in Elko County, Nev. **Withdrawal** — A request was filed July 5 to withdraw registration statement.

Western Reserve Life Insurance Co.
June 12 (letter of notification) 10,000 shares of common stock (par $10) to be offered for subscription by present stockholders at rate of one share for each two shares held. **Price**—$20 per share. **Underwriter**—None. **Proceeds**—For financing expansion program. **Office**—1108 Lavaca Street, Austin, Tex.

Western States Copper Corp., Seattle, Wash.
June 11 (letter of notification) 119,980 shares of 6% cumulative preferred stock (par $1) and 124,980 shares of common stock (no par). **Price**—Of preferred, at par plus accrued dividends (five annual dividends in arrears); and of common at a price to be determined later. Directors in their discretion may offer one share of common as a bonus for each purchase of one share of preferred stock. **Underwriter** — None. **Proceeds** — For milling equipment and other corporate purposes. **Office**—5905 Phinney Avenue, Seattle, Wash.

Prospective Offerings

Alabama Power Co. (9/11)
June 20 it was stated that company contemplates sale of $15,000,000 first mortgage bonds due 1981. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Blyth & Co., Inc.; Harriman Ripley & Co., Inc.; Shields & Co. and Salomon Bros. & Hutzler (jointly); Drexel & Co.; Union Securities Corp. and Equitable Securities Corp. (jointly); Kidder, Peabody & Co.; The First Boston Corp.; Lehman Brothers. **Proceeds**—For expansion program. **Bids**—Tentatively expected to be opened on Sept. 11. **Registration**—About Aug. 10.

American President Lines, Ltd.
May 27, Charles Sawyer, Secretary of Commerce, proposed the public sale to the highest bidder of the stock of this company now held by the Department of Commerce. The proceeds would be placed in escrow until the Courts decide whether the stock rightfully belongs to the Government or to the Dollar interests.

Alaska Telephone Co.
April 25 it was announced company may soon file a letter of notification with the SEC covering $300,000 of 6% convertible bonds. **Price**—At par (in units of $100 each). **Underwriter**—Tellier & Co., New York. **Proceeds**—For new equipment and for expansion.

● Associated Telephone Co., Ltd. (Calif.)
July 3 it was announced that tentative plans call for the sale later this year of $8,000,000 additional first mortgage bonds. **Underwriter** — To be determined by competitive bidding. Probable bidders for bonds: Halsey, Stuart & Co. Inc.; Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp. (jointly); Kuhn, Loeb & Co. and Salomon Bros. & Hutzler (jointly); White, Weld & Co., Kidder, Peabody & Co. and Shuman, Agnew & Co. (jointly); Harris, Hall & Co., Inc. and Equitable Securities Corp. (jointly). **Proceeds** — For construction program.

Beaunit Mills, Inc.
June 26 stockholders approved issuance and sale of 100,000 shares of $5 cumulative preferred stock (no par). **Underwriters**—Probably White, Weld & Co. and Kidder, Peabody & Co. **Proceeds**—From sale of stock, together with $15,000,000 from bank loans and $3,000,000 from other sources, to be used to finance construction of a rayon tire yarn plant at Coosa Pines, Ala., and for working capital. **Offering**—May be made privately.

Bell Aircraft Corp.
May 28 stockholders approved a proposal to borrow $2,500,000 on bonds to mature serially. The proceeds will be used to finance construction of a $3,000,000 helicopter plant near Fort Worth, Texas.

British Columbia (Province of), Canada
June 23 it was reported that early registration is expected of an issue of $35,000,000 bonds to mature serially up to and including 1976. **Probable Underwriters**—The First Boston Corp. and A. E. Ames & Co., Ltd. **Proceeds**—For refunding and for new construction.

Canadian National Ry.
May 28 it was stated company has about $48,000,000 of 4½% guaranteed mortgage gold bonds coming due on Sept. 1, 1951, in U. S. funds. Refunding likely to be under the auspices of the Canadian Government.

Carolina Natural Gas Corp., Charlotte, N. C.
Feb. 20 a fourth amended application was filed with the SEC for authority to build a natural gas pipeline system to serve certain areas in North and South Carolina. Estimated cost of the proposed facilities is $3,595,295, to be financed by the sale of first mortgage bonds and the issuance of junior securities. Underwriters may include R. S. Dickson & Co., Charlotte, N. C.

Central RR. Co. of Pennsylvania
June 29 it was reported company expects to be in the market late in July with an issue of $2,475,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Chicago District Pipeline Co.
May 22 it was announced that this company (a subsidiary of Peoples Gas Light & Coke Co.) may find it necessary to construct a 30-inch pipeline from Volo, Ill., to near Mt. Prospect, Ill., at a cost estimated at approximately $1,650,000. The amount and character of the financing are not now known. Bond financing in March, 1950, was placed privately.

Chicago & Western Indiana RR.
June 2 it was reported company expects to be in the market late this year or early in 1952 with a new issue of approximately $70,000,000 of first mortgage bonds, due 1981, of which about $65,000,000 will be sold initially. **Price**—Not less than par. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Lee Higginson Corp.; Harris, Hall & Co. (Inc.); Drexel & Co.; Kuhn, Loeb & Co. and Salomon Bros. & Hutzler (jointly); Harriman Ripley & Co., Inc.; First Boston Corp.; Lehman Brothers; Paine, Webber, Jackson & Curtis; Kidder, Peabody & Co. **Proceeds**—To refund $49,988,000 of 4% non-callable consolidated first mortgage bonds due July 1, 1952, and to redeem $13,747,000 first and refunding mortgage 4¼% bonds, series D, due Sept. 1, 1962. The remainder will go towards property improvements, etc.

Colorado Interstate Gas Co.
June 18 it was reported that the holdings of the Union Securities Corp. group of stock of Colorado Interstate (531,250 shares) will probably be sold publicly in August or September.

Columbus & Southern Ohio Electric Co.
May 16 J. B. Poston, President, announced that company plans an early offering of $10,000,000 first mortgage bonds. **Underwriters**—Last issue of bonds were placed privately on July 1, 1948 through Dillon, Read & Co. Inc., New York. If competitive, probable bidders may include Halsey, Stuart & Co. Inc. **Proceeds**—For expansion program.

Commonwealth Edison Co.
May 22 Charles Y. Freeman, Chairman, announced that the company's scheduled construction program for the 1951-54 period calls for the expenditure of about $450,000,000, of which it is estimated that $200,000,000 will be provided out of cash resources at the end of 1950. This means that additional capital of about $250,000,000 will be required through 1954. Neither the timing nor the nature of this new financing have yet been determined. Probable bidders for bonds or debentures: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Glore, Forgan & Co.; Morgan Stanley & Co.

Consolidated Edison Co. of New York, Inc.
March 23 company applied to New York P. S. Commission for authority to issue and sell $25,000,000 of first and refunding mortgage bonds, series H, due May 1, 1981 (in addition to $40,000,000 series G bonds filed with the SEC on March 30). **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly). **Proceeds** — To redeem a like amount of Westchester Lighting Co. 3½% general mortgage bonds due 1967. **Offering**—Postponed.

Consumers Public Service Co. of Brookfield, Mo.
June 8, the Missouri P. S. Commission authorized company to issue and sell 1,500 shares of 5% preferred stock (par $50). **Proceeds**—To repay $66,232 of notes and for working capital.

Delaware River Development Corp. (N. J.)
June 20 FPC decided to issue a one-year preliminary permit to the corporation for investigation of the proposed development of a hydroelectric project on the Delaware River in New Jersey, Pennsylvania and New York, estimated to cost $47,000,000. Early last year, it was announced that the proposed project would be financed through the issuance of $28,200,000 of bonds, $14,100,000 of preferred stock, $4,700,000 of convertible common stock and 100,000 shares of no par value common stock.

Denver & Rio Grande Western RR.
April 12, Wilson McCarthy, President, stated that due to prevailing market conditions, the company has postponed to an undetermined date the taking of bids for the purchase of $40,000,000 first mortgage bonds to be dated May 1, 1951, and to mature on May 1, 1981. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Kuhn, Loeb & Co. and Bear, Stearns & Co. (jointly). **Proceeds** — Together with treasury funds, to redeem on June 1, 1951, $35,062,200 oustanding first mortgage 3%-4% bonds, series A, and $8,666,900 of Denver & Salt Lake income mortgage 3%-4% bonds, both due Jan. 1, 1993.

Derby Gas & Electric Corp.
June 22 corporation applied to SEC for authority to issue and sell $900,000 of debentures to mature July 1, 1957 (to be placed privately with an institution) and approximately 12,500 additional shares of common stock (latter to be offered to public pursuant to a negotiated transaction). **Probable Underwriter**—Allen & Co., New York. **Proceeds**—To be applied toward 1951 construction program.

Dow Chemical Co.
April 5, Leland I. Doan, President, stated that the company plans to spend $65,000,000 on plant expansion in the current fiscal year ending May 31, 1951, and expects to spend somewhat more in the following fiscal year. He added, however, that no decision has been reached on any possible financing in this connection. Traditional underwriter: Smith, Barney & Co., New York.

Fort Worth & Denver City Ry.
May 17 stockholders of Colorado & Southern Ry. approved a program providing for simplification of that company's corporate structure and for the refunding of the indebtedness of the company and its subsidiaries. This program calls for a new issue of $20,000,000 first mortgage bonds due 1981 of Fort Worth & Denver City Ry. and the transfer to the latter of stock and other obligations of seven Texas companies. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Salomon Bros. & Hutzler; The First Boston Corp.

● Fuller (D. B.) & Co., Inc.
July 9, Daniel B. Fuller, President, announced that company will soon file a registration statement with the SEC covering 120,000 shares of 6% cumulative convertible preferred stock (par $15). **Price** — To be named later. **Underwriter**—F. Ebertsadt & Co. Inc. **Proceeds**—To repay indebtedness of subsidiary, and for working capital. **Meeting** — Stockholders will vote on financing program on Aug. 10.

Glenmore Distilleries Co.
April 23 it was announced company expects shortly to file a registration statement covering 60,000 shares of $50 par convertible preferred stock and to withdraw statement covering 159,142 shares of class B common stock (par $1); see a preceding column. **Proceeds**—For working capital and general corporate purposes.

Hahn Aviation Products, Inc., Phila, Pa.
June 7, it was announced company (in addition to sale of 5,000 shares of common stock filed with SEC) proposes to issue and sell another issue of approximately 29.651 shares of common stock (par $1) later this year. **Office**—2636 North Hutchinson Street, Philadelphia 33, Pa.

Idaho Power Co.
June 6 company reported considering issuance of $15,000,000 of additional first mortgage bonds. Will probably be placed privately. If competitive, probable bidders may include Halsey, Stuart & Co. Inc.; Blyth & Co., Inc., Lazard Freres and The First Boston Corp. (jointly); Equitable Securities Corp.; Kidder, Peabody & Co.; Salomon Bros. & Hutzler and Union Securities Corp. (jointly); Harriman Ripley & Co., Inc. Proceeds will be used for additions and improvements to the company's properties.

Illinois Bell Telephone Co.
June 27 W. V. Kahler, President, announced that this company (approximately 99.31% owned by American Telephone & Telegraph Co.) plans issuance and sale, sometime before the end of the year, of 682,454 additional shares of capital stock to its stockholders. **Underwriter**—None. **Proceeds**—To repay short-term loans and for new construction.

Iowa Power & Light Co.
Dec. 19 it was reported company expects to issue additional securities in 1951 to finance its construction program which is expected to cost between $6,500,000 to $7,500,000. Form of financing will depend on market conditions at the time. Probable bidders: Halsey, Stuart & Co. (for bonds); W. C. Langley & Co., Union Securities Corp. and Glore, Forgan & Co. (jointly), for bonds or stock. The stockholders are to vote July 17 on issuance of the remaining 50,000 shares of authorized preferred stock.

I-T-E Circuit Breaker Co.
May 28 it was announced stockholders have approved proposals to increase the authorized indebtedness of the company to $3,500,000 from $1,500,000, and the authorized but unissued preferred stock from 15,000 shares to 30,000 shares, par $100.

Kansas City Power & Light Co.
June 12, Harry B. Munsell, President, announced company hopes to issue and sell within the next two years $12,000,000 of bonds, $10,000,000 of additional preferred stock and $8,000,000 of additional common stock to finance its construction program for 1951-1952. Stockholders will vote July 11 on increasing the authorized preferred stock from 200,000 to 350,000 shares and the authorized indebtedness by $12,000,000. Probable bidders for preferred stock: Glore, Forgan & Co. and W. C. Langley & Co. (jointly); Smith, Barney & Co.; The First Boston Corp.; White Weld & Co., Shields & Co. and Central Republic Co. (jointly); Harriman Ripley & Co., Inc.; Salomon Bros. & Hutzler and Merrill Lynch, Pierce, Fenner & Beane (jointly); Union Securities Corp. and Stern Bros. & Co. (jointly). Probable bidders for common stock; Lehman Brothers; Glore, Forgan & Co.; Harriman Ripley Co., Inc. Probable bidders for bonds: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; White, Weld & Co.; Shields & Co. and Central Republic Co. (jointly); Glore, Forgan & Co.; Smith, Barney & Co.; Kuhn, Loeb & Co.; Union Securities Corp. and Salomon Bros. & Hutzler (jointly); Lehman Brothers and Bear, Stearns & Co. (jointly); The First Boston Corp.; Equitable Securities Corp.; Harriman Ripley & Co., Inc.

Kansas Gas & Electric Co.
May 24 Murray F. Gill, Chairman of the board, announced that the company's present construction program calls for expenditures of more than $8,000,000 in 1951. To finance part of the expansion program, company may sell $5,000,000 of first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Union Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly). There is a possibility that company may also decide to refund its outstanding $16,000,000 first mortgage 3⅜% bonds due 1970 (held by a group of insurance companies) and $5,000,000 first mortgage 3⅛% bonds due 1978.

Long Island Lighting Co.
June 25 it was reported that the company's next step in its financing program may include the sale of approximately $15,000,000 of preferred stock. Probable bidders may include Blyth & Co., Inc.

McKesson & Robbins, Inc.
May 24 it was announced stockholders will vote Oct. 23 on a proposal to increase authorized common stock by 500,000 shares to 2,500,000 shares in order to provide for a probable offering of additional stock to common stockholders. Probable underwriter: Goldman, Sachs & Co., New York. Proceeds will be added to working capital.

Mead Corp.
June 8 it was announced that construction of a new $21,000,000 kraft container board mill near Rome, Ga., is scheduled to be under way at an early date. Traditional underwriters: Drexel & Co. and Harriman Ripley & Co., Inc.

● Meridian & Bigbee River Ry. (7/20)
Bids will be received up to 10 a.m. (EDT) on July 20 by Leo Nielson, Secretary of Reconstruction Finance Corporation, 811 Vermont Ave., N. W., Washington 25, D. C., for the purchase from the RFC of $50,000 first mortgage 4% bonds due Jan. 1, 1968; $500,000 of income mortgage 4% bonds due Jan. 1, 1998; and 7,846.55 shares of common stock of no par value (having a stated value of $784,655).

Michigan-Wisconsin Pipe Line Co.
May 29, SEC authorized extension for one year, or until July 1, 1952, of maturity of $20,000,000 bank loans and the issuance and sale of 30,000 shares of common stock to the American Natural Gas Co., parent, for $3,000,000, to provide an equity base for contemplated future permanent financing which may include issuance and sale of $12,000,000 of first mortgage bonds. Previous debt financing was placed privately. If competitive, bidders may include: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Harriman Ripley & Co., Inc.; Glore, Forgan & Co.

National Distillers Products Corp.
June 6 stockholders voted to create a new issue of 500,000 shares of preferred stock (par $100) and to increase the authorized common stock from 10,000,000 shares, no par value, to 15,000,000 shares, par $5. It was also voted to eliminate the then authorized 150,000 shares of preferred stock (par $100), none of which had been issued. Management contemplates new financing in 1951 to provide for $20,000,000 of plant improvements, repayment of $17,000,000 of short-term bank loans, and for additional working capital. **Underwriters**—Glore, Forgan & Co. and Harriman, Ripley & Co. Inc.

Niagara Mohawk Power Corp.
June 6, company applied to FPC for a license for a proposed new project estimated to cost $22,611,000. On Jan. 26, company had announced that it probably would sell late this year or early 1952 about $15,000,000 of additional common stock to finance part of its $150,000,000 construction program scheduled for 1951, 1952 and 1953. Probable bidders: Merrill Lynch, Pierce, Fenner &

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Beane; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Morgan Stanley & Co.

Nuclear Instrument & Chemical Corp., Chicago, Ill.
June 18, it was announced company expects to offer in July 74,500 shares of common stock (par $1). **Price**—To be determined later. **Underwriter**—Loewi & Co., Milwaukee, Wis. **Proceeds**—For working capital.

Ohio Power Co.
May 15 it was stated that this company, a subsidiary of American Gas & Electric Co., will need $36,000,000, perhaps more, which it expects to raise some months hence through the sale of new securities. Probable bidders for bonds: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp.; Glore, Forgan & Co., White, Weld & Co. and Union Securities Corp. (jointly). Proceeds will be used for construction program.

★ Pacific Power & Light Co.
June 29 it was announced company plans issuance and sale of $15,000,000 of mortgage bonds in the early part of 1952. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blair, Rollins & Co. Inc. and Carl M. Loeb, Rhoades & Co. (jointly); Lehman Brothers; W. C. Langley & Co. and The First Boston Corp. (jointly); Union Securities Corp.; Kidder, Peabody & Co.; Blyth and Co., Inc., White, Weld & Co. and Harris, Hall & Co., Inc. (jointly). (For registration of 554,464 shares of common stock, see a preceding column).

Panhandle Eastern Pipe Line Co.
June 8, the company was authorized by the Missouri P. S. Commission to issue and sell to the public $20,000,000 of 3¼% sinking fund debentures, due 1971, and to issue 60,000 additional shares of common stock to key employees under a stock option plan. **Underwriters**—For debentures, to be determined by competitive bidding. Probable bidders may include Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Beane and Halsey, Stuart & Co. Inc. (jointly). **Proceeds**—For construction program.

Pennsylvania Water & Power Co.
May 28 John A. Walls, President, announced stockholders will vote July 25 on approving changes in the company's charter provisions which would permit the issuance of the remaining 78,507 preferred shares as cumulative series preferred stock with a par value of $100. These shares are now without par value. Company now has a $25,000,000 expansion program, the financing of which will be accomplished through a later sale of securities to the public. The present outstanding 21,493 shares of $5 cumulative preferred stock were subscribed for by common stockholders in 1933.

Public Service Co. of Indiana, Inc.
June 25 it was reported that company may do some permanent financing "when market conditions permit." Earlier this year arrangements were made with eight banks for borrowing up to $40,000,000 on promissory notes bearing interest at 2½%. Of this total, it is planned to use $13,000,000 in 1951, $14,000,000 in 1952 and $13,000,000 in 1953. **Underwriters**—May be determined by competitive bidding. Probable bidders for bonds: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Union Securities Corp. and Salomon Bros. & Hutzler (jointly); Blyth & Co., Inc.; The First Boston Corp.; Glore, Forgan & Co.; Merrill Lynch, Pierce, Fenner & Beane; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Harriman Ripley & Co. Inc. Probable Bidders for preferred stock: Blyth & Co., Inc.; Glore, Forgan & Co.; Harriman Ripley & Co. Inc. **Proceeds**—To retire bank loans incurred in connection with construction program.

Rochester Gas & Electric Corp.
June 6 stockholders voted to increase authorized common stock from 1,250,000 to 1,750,000 shares. It is planned to offer later this year about 150,000 shares for subscription by common stockholders on a one-for-seven basis and 50,000 shares to employees under a payroll reduction plan. **Underwriter** — The First Boston Corp. **Proceeds**—For expansion program.

● St. Louis-San Francisco (7/23)
Bids will be received by the company at its office, 120 Broadway, New York, N. Y., up to noon (EDT) on July 23 for the purchase from it of $5,085,000 equipment trust certificates, series I, to mature in 15 equal annual instalments. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

South Georgia Natural Gas Co., Atlanta, Ga.
May 24 the FPC dismissed the application of company to construct 527 miles of natural gas pipe line to supply markets in Georgia and Florida, the estimated cost of which was between $10,500,000 and $12,080,000.

South Jersey Gas Co.
April 24 Earl Smith, President, announced company plans a bond issue of more than $8,000,000 by fall of this year. **Underwriters**—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Blyth & Co., Inc. **Proceeds**—To refund the presently outstanding $4,000,000 of 4⅛% first mortgage bonds and repay outstanding short-term bank notes which are due before the end of the year.

South Jersey Gas Co.
June 15, SEC announced approval of a plan filed by The United Corp., which, in part, provides for the sale by the latter of its entire interest, amounting to 28.3%, or 154,231.8 shares of South Jersey common stock (par $5). These holdings will probably be disposed of to a small group of investors.

Southern California Gas Co.
April 4, the company indicated that it would soon be in the market with $18,000,000 of senior securities. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; White, Weld & Co.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane and Harris, Hall & Co. (Inc.) (jointly). **Offering**—Expected in the Fall.

Southern Counties Gas Co. of California (8/31)
July 2 it was announced company expects about July 25 to file a registration statement with the SEC covering approximately $12,000,000 of first mortgage bonds, due 1981 (probably as 3¼s). **Underwriters** — The last bond financing was handled by Blyth & Co., Harriman Ripley & Co. Inc. and Dean Witter & Co. in April, 1948. **Proceeds**—To be used for expansion of gas transmission and distribution system. **Offering**—Expected Aug. 31.

Southern Union Gas Co.
May 23 C. H. Zachry, President, announced that company plans the issuance of $5,000,000 new first mortgage bonds within the next 60 to 90 days. **Traditional Underwriter**—Blair, Rollins & Co., Inc. **Proceeds**—For new construction.

● Superior Water, Light & Power Co.
July 7 it was reported that company expects to sell $1,000,000 additional bonds this month or next and another bond issue for a like amount in January. May be placed privately.

Texas Illinois Natural Gas Pipeline Co.
May 22 it was announced that company probably sometime during 1952 will issue and sell $34,500,000 in bonds and $11,500,000 in equity securities to finance expansion of its pipeline facilities. Late last year, stock was offered for subscription by common stockholders and bonds were sold privately.

Texas & Pacific Ry. (7/12)
Bids will be received up to noon (EDT) on July 12 for the purchase from the company of $1,650,000 equipment trust certificates, series L, to be dated Aug. 1, 1951, and to mature in 10 equal annual instalments on Aug. 1, 1952 to 1961, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Texas Power & Light Co.
May 21 it was stated company may offer either $7,000,000 or $14,000,000 of first mortgage bonds late in 1951 or early 1952. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Blyth & Co., Inc.; Kidder, Peabody & Co. and Smith, Barney & Co. (jointly); W. C. Langley & Co. and Glore, Forgan & Co. (jointly); Carl M. Loeb, Rhoades & Co. and E. H. Rollins & Sons (jointly); Union Securities Corp.; Drexel & Co. and Hemphill, Noyes, Graham, Parsons & Co. (jointly); White, Weld & Co.; Equitable Securities Corp.; Harriman Ripley & Co., Inc.; Lehman Brothers; Salomon Bros. & Hutzler. **Proceeds**—To be used to finance construction costs.

Texas Utilities Co.
May 29, it was reported that company plans common stock financing late this year. Probable underwriters: The First Boston Corp., Rauscher, Pierce & Co. and Dallas Union Securities Co.

United Gas Improvement Co.
June 18, the SEC directed the company to dispose of its interest in six non-subsidiary companies, viz: Central Illinois Light Co., 35,340 shares; Consumers Power Co., 52,586 shares; Delaware Power & Light Co., 37,355 shares; Niagara Mohawk Power Corp., 145,000 shares; Public Service Electric & Gas Co., 36,801 preference common shares and 4,861 common shares; and Delaware Coach Co., a $1,000,000 note.

Utah Power & Light Co.
March 8 it was announced company during 1951 proposes to issue and sell 200,000 shares of common stock about $12,000,000 of first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probable bidders (1) For bonds: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Lehman Brothers, and Bear, Stearns & Co. (jointly); White, Weld & Co.; Salomon Bros. & Hutzler; First Boston Corp., and Blyth & Co., Inc. (jointly); Union Securities Corp., and Smith, Barney & Co. (jointly); and (2) for stock: Blyth & Co., Inc.; W. C. Langley & Co., and Glore, Forgan & Co. (jointly); Union Securities Corp., and Smith, Barney & Co. (jointly); Lehman Bros. and Bear, Stearns & Co. (jointly); Kidder, Peabody & Co., and Merrill Lynch, Pierce Fenner & Beane (jointly). However, common stock offering may be made directly by company, without underwriting. **Offering**—Of stock expected about Sept. 18 and bonds late in October. **Proceeds**—To repay bank loans and to provide additional construction funds. May 18 company sought SEC approval to borrow from banks not in excess of $12,000,000. **Registration**—Expected early in August.

Valley Gas Pipe Line Co., Inc., Houston, Tex.
May 9 FPC dismissed application of company proposing the construction of a $144,500,000 pipeline project to carry natural gas from Texas and Louisiana to markets in Indiana, Ohio and Michigan. The company had planned to build 1,500 miles of line.

Virginia Electric & Power Co.
May 1 the company announced that it is contemplated that there will be additional financing to an amount approximating $20,000,000, incident to the 1951 construction program, and that further financing will be required in 1952. Probable bidders for bonds: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Stone & Webster Securities Corp.; Union Securities Corp.; White, Weld & Co.

Washington Water Power Co.
May 28 it was announced that company contemplates issuance and sale late in 1951 or early in 1952 of mortgage bonds "to the maximum extent possible and the bank loans at that time will be largely or all retired." At that time, it will formulate a program for the complete refunding of all of the bank loans and to provide for the retirement of the outstanding preferred stock. On June 15, authority was received from SEC to borrow up to $26,000,000 from banks. Probable bidders: (1) For stock or bonds: Blyth & Co., Inc.; Smith, Barney & Co. and White, Weld & Co. (jointly); W. C. Langley & Co. and The First Boston Corp. (jointly); (2) For bonds only: Halsey, Stuart & Co. Inc.

Weingarten (J.), Inc.
June 6, it was reported company plans issuance and sale of 20,000 shares of preferred stock (par $50) to residents of Texas only. **Underwriter**—Moroney, Beissner & Co., Houston, Texas. **Offering**—Expected soon.

Our Reporter's Report

Basically by reason of the change in conditions brought about by the Korean War and the Federal Reserve's shift to a firmer money policy as an anti-inflation measure, the so-called "bureaucrats," portfolio managers for large institutions, have won their fight for more liberal yields on corporate securities.

But their tactics in placing orders for new issues have not tended to win them many plaudits among the underwriting fraternity. On the contrary some raise the question of whether such maneuvers, by the supposedly kingpins among investment buyers, have not been a bit amateurish.

It develops that in recent months these buyers, who stand as the major outlet for new offerings, have been putting through their orders for a given issue on a "contingent" basis. That is, they stood ready to take down the bonds spoken for provided the particular operation was rated a complete success.

But they also maintained the right to "cancel out" if the deal proved a slow mover. Bankers who, admittedly, have an ax to grind, concede that everybody loves a winner. Yet it is their contention that if these contingent orders had been firm bids, many of the deals involved would have been successful as a consequence.

So, they argue, the wise men by their extreme caution, frequently defeated their own purpose. Their point is that institutional buyers, with security as their first consideration, should be able to consider a deal on its merits, or quality, and not be swayed by what the other fellow might do, or by a few basis points in yield.

Slowing Down

After the several recent successful new flotations it was a trifle nettling to find the latest two small utility offerings showing a renewed tendency to back up.

But that was the case with the issues brought to market this week. Minnesota Power & Light Co.'s $10,000,000 of new refunding mortgage bonds, due in 1981, brought out a total of eight bids, three naming a 3⅝% coupon and the other five fixing a 3¾% rate as the basis for their tenders.

The winning group bid 101.019 for the lower interest rate while the runners-up bid 100.389 making for an indicated spread of $6.30 a bond. On reoffering at 101.749 to yield 3.53%, demand was slow, with the lag ascribed to the unusually wide "cover."

Shelves Are Bare

So far as corporate debt issues are concerned the shelves of dealers and underwriters hold little more than dust in the absence of inventories at the moment.

It's quite a while since this condition has prevailed and the industry likes it, though perhaps having little or nothing in stock to sell, the situation tends to promote a bit more venturesome spirit in quest of new issues.

Except for scattered lots of recent preferred stock offerings much the same condition holds true in the case of equity securities with common stocks brought to market of late having been virtually cleared away in their entirety.

Girding for the Big One

There is still every indication that two competing syndicates will be in the field for the $160,000,000 public housing issues due up for bids next week unless something happens at the last moment.

Reports have it that there were suggestions for a consolidation of the commercial banking and underwriting banking groups but that these were sidetracked. This should be quite an operation since bids will be taken for a number of series, or issues.

Meanwhile with higher taxes looming, the exemption feature of these and other municipal issues is apparently helping dealers in the field to bale themselves out of their large inventories.

Last available reports indicated that the "float" in this market is now little more than half of the $234,000,000 reported in early March.

With Merrill Lynch Co.

(Special to THE FINANCIAL CHRONICLE)

PENSACOLA, Fla.—George T. Wofford, Jr. is with Merrill Lynch, Pierce, Fenner & Beane, Blount Building.

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Alaska—Land of Opportunity

natives). This is a 77.4% increase over 1940 and is the largest gain percentagewise of any area under the American flag. For those who claim that Alaska has too small a population for statehood an answer could be found in the following list showing the population at the dates of admission as States:

Nevada	6,857
Oregon	52,288
Wyoming	62,549
Nebraska	122,906
Montana	129,794
Arizona	204,354

The annual cost of present Territorial government in Alaska is about $9,000,000. The cost of statehood would exceed that amount by from $4,200,000 to $9,500,000, according to estimates of advocates and opponents. Estimated gross annual production for Alaska is $140,900,000. Federal military and non-military expenditures $187,400,000, tourist industry, transportation and trade $45,000,000, or a total of $373,300,000. This figure should yield a tax total of $20,500,000, approximately a 5.7% burden. If the present 2 cents per gallon motor fuel tax and the present 10 mill property tax could be doubled and if Federal income tax rates are increased to 15%, Alaska's total tax yield should easily produce a surplus over estimated appropriation requirements under statehood.

The resources of Alaska are enormous. The Tongass National Forest can sustain on a perpetual yield basis, the daily production of 3,000 tons of wood-dissolving pulp, worth $150 per ton, and in demand for the manufacture of rayon, staple fiber and plastics. There is now a world shortage of 375,000 tons annually. This one forest alone could produce upwards of 900,000 tons annually of this pulp.

Hydroelectric power at the Eklutna project is planned to produce 140 million kwh. per year. This development was authorized by the 81st Congress, but it is only one of many power sites and facilities for the production of hydroelectric power. There are a number of areas that are physically suited for stock raising and many tame grasses and legumes are well adapted to Alaska for forage crops. There are 4,000,000 acres suitable for the grazing of domestic livestock. Although Alaska is not primarily an agricultural country it is believed to be capable of producing at least 80% of its own requirements for agricultural products. At present there are only about 12,000 acres under cultivation, but the amount of land suitable for crops is estimated at 2,000,000 acres.

Minerals in Alaska were the first resource to be developed on a large scale. The developed resources are coal and gold. A total of 110 billion net tons of coal are estimated to be available. Mercury, antimony, tin, chromite, copper, lead and zinc deposits are known to exist. Numerous oil seepages have been discovered on the Arctic coast and an intensive drilling program is under way. Portland cement and gypsum deposits have been located. Industry in Alaska can be expected to expand greatly in the next few years. Alaska's undeveloped forests, minerals, agricultural lands, fish resources and scenery await only the investment of additional capital and the application of experienced business ability.

This is the land of promise. This is the lone remaining pioneer field for American youth and energy. After statehood has nullified certain present hindrances, such as the Jones Act of 1920, and the domination over labor by Seattle unions, Alaska should expand and develop its resources at an astonishing pace. It is certainly not a dangerous place to invest money in. There is no record of a municipal default, and tax collections in Juneau, for example, run about 98.8%; Fairbanks, 98.9%; Anchorage, 93.9%. Shortly after statehood Alaska may be expected to ask for bids on its first bond issue, and it is quite possible that this initial offering could establish a new record for oversubscription among state obligations. For its large natural resources per dollar of debt, for diversification, and doubtless for its exceptionally attractive yield, this new issue should be very well received by institutional and private investors. However, it is not really necessary to wait for an as yet undetermined bond issue on the State of Alaska. There are available on the market today certain obligations of municipalities in Alaska whose debt ratios, tax collection figures, financial statements and payment records compare very favorably with those of some of the older, more seasoned municipalities in the United States.

With Francis I. du Pont

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Harold D. Padgett has become affiliated with Francis I. du Pont & Co., 317 Montgomery Street.

Two With Alm, Kane Co.

(Special to The Financial Chronicle)

CHICAGO, Ill.—Edmund G. Brady and Garent L. Frazier have become associated with Alm, Kane, Rogers & Co., 39 South La Salle Street. Mr. Brady was previously with Hornblower & Weeks. Mr. Frazier was with Blunt, Ellis & Simmons and prior thereto was with Chesley & Co.

Joins Beeken Staff

(Special to The Financial Chronicle)

WEST PALM BEACH, Fla.—Robert J. Nienberg has been added to the staff of William S. Beeken Co., Harvey Building.

Two With J. A. Rayvis

(Special to The Financial Chronicle)

MIAMI, Fla.—William N. Steele and Alfred Valzone are with J. A. Rayvis Company, Inc., 550 Brickell Avenue.

Joseph Fearon Opens

Joseph Fearon is engaging in the securities business from offices at 184 Alter Avenue, Staten Island, New York. He was previously with Ira Haupt & Co.

Walter Scott Hammons

Walter Scott Hammons passed away in Miami Beach on June 28 at the age of 64. He had headed Hammons & Company with offices in New York City and Portland.

Joins Peters, Writer

(Special to The Financial Chronicle)

DENVER, Colo. — Walter B. Davis has joined the staff of Peters, Writer & Christensen, Inc., 724 Seventeenth Street.

Two With James Ebert

(Special to The Financial Chronicle)

BAKERSFIELD, Calif.—John L. Kaull and James L. Potter have become affiliated with James Ebert Company, 120 Chester Ave.

Douglass Co. Adds

(Special to The Financial Chronicle)

BEVERLY HILLS, Calif.—Arthur N. Davis is now associated with Douglass & Co., 133 North Robertson Boulevard.

How Federal Reserve Can Contract Credit

Dr. Walter E. Spahr, Executive Vice-President of the Economists' National Committee on Monetary Policy, advocates reducing the "float," which is the excess of uncollected cash items over deferred liability items in Federal Reserve Bank statements.

Dr. Walter E. Spahr

"The Federal Reserve authorities can achieve a contraction in credit extended to member banks under existing authority, and without need for additional powers, by reducing what is known as the 'float' which is the excess of uncollected cash items over deferred availability items as reported in the assets and liabilities of the Federal Reserve banks," says Dr. Walter E. Spahr, Executive Vice-President, of the Economists' National Committee on Monetary Policy. "This 'float' represents the extent to which the Federal Reserve banks have added to the reserves of member banks before the checks and drafts, sent by member banks to the Reserve banks for collection and credit to their respective reserve accounts, have been collected by the Reserve banks.

"This 'float' appears in the consolidated statement of the Federal Reserve banks for June 20, 1951, in millions of dollars, as follows:

Reserve Bank Credit:	
U. S. Govt. securities	$22,806
Loans, Dicts. & advs.	171
Float	1,173
Total (Res. Bank credit)	$24,150

"In the quoted portion of the consolidated statement of the Federal Reserve banks, the item 'float,' of $1,173,000,000, is the second largest item of those that comprise total Reserve bank credit outstanding. This is almost seven times the $171,000,000 of loans, discounts, and advances which the Reserve banks had on their books on that date."

"One of the purposes of the Federal Reserve System," says Dr. Spahr, "was that the Reserve banks would not credit the reserves of member banks until the checks and drafts, cleared through the Reserve banks, were actually collected. In other words, the reserves of the member banks were to be real, not credit resting upon uncollected items—a procedure which, before the inauguration of the Federal Reserve System, caused much trouble in this country. But some months ago, the Federal Reserve authorities violated the basic, sound, purpose that member bank reserves should be real by shortening the time in the deferred availability schedules (the periods during which checks and drafts sent through the Reserve banks for collection were deferred reserves) as against the time required for collection. As a consequence, the member banks are having their reserve accounts credited much too soon and a large portion of the member bank reserves—some 6% as of June 20—rest upon uncollected items—items floating through the mails or express companies, hence the word 'float.'

"Considering the average ratio of reserves which member banks are required to hold against their demand and time deposits as a minimum, roughly 16%, each dollar of float enables the member banks to expand their loans and deposits by slightly more than six times. The float of $1,173,000,000 as of June 20, would enable an expansion by members of $7,038,000,000.

"This development reveals itself while programs are under way to restrict the expansion of bank credit and while the Federal Reserve authorities are asking for additional powers to curb the expansion of member bank and other credit. The point is that the Reserve authorities are not using well or in the proper direction the powers they now have."

Joins First California

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Howard S. Anderson has joined the staff of First California Company, 647 South Spring Street. He was previously with Gross, Rogers & Co.

Joins Dayton & Gernon

(Special to The Financial Chronicle)

CHICAGO, Ill. — Charles M. Smith is now associated with Dayton & Gernon, 105 South La Salle Street, members of the Midwest Stock Exchange.

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

Despite hostile comments last week by members of the Senate Finance committee about the idea, the members of that committee are far from opposed to a general Federal manufacturers' excise tax. Furthermore, they now have come to an informal meeting of minds that such a tax will be given the committee's most serious consideration in 1952.

Hostile comments came when the National Association of Manufacturers, at the tax hearings last week, again proposed the idea. The committee's attitude is a two part thing.

In the first place, their present plans are to raise not more than $6 billion of additional taxes, and perhaps considerably less. This objective, they believe, can be achieved by a broader extension of selective excises, a more vigorous application of the individual income tax, and some additional taxation of corporation income.

The time to advance a sales tax, the committee members believe, is in 1952, assuming that Mr. Truman brings forth the customary recurring annual demand for more money to spend. Such a sales tax could easily fill the bill of all the revenue the committee would be disposed to raise in 1952, and the committee has no doubts that Mr. Truman, election year or otherwise, will again put the Administration's hand out stretched, palm upward.

This is the present informal intention of members of the committee, however. It must not be taken as even a moderately sure prospect. It is recalled that the Finance committee is like a genuinely stoutly virtuous lady who violently resists the sin of confiscatory taxes. She yields part way to sin under the irresistible compulsion of securing some modicum of solvency for the Federal Treasury.

In this connection, it is noted that the members of the committee a couple of years ago were privately toying with the idea of a sweeping Federal transactions tax, a super sales tax that would nick every sale of any article in the U. S. The Joint Committee on Internal Revenue was directed to hatch the creature for later public showing. This was supposed to be the goblin that would frighten Truman & Co. out of the implications of always upward spending.

But the transaction tax was never hatched, even as a piece for the tax zoo.

If there is a general Federal consumption tax—without a grave war—you can take it for granted that the southern Democrats figure Harry Truman is going to get the Democratic nomination and this, enacted in 1952, is something to help hoist him back to Missouri.

* * *

By one of those delicious combinations of circumstances, the privately owned electric utility industry will be relieved in the final tax bill (as in the House bill) of collecting taxes on the consumption of electricity. The tax on the output of privately owned utilities amounts to upwards of $100 million.

The House tentatively applied the tax to the utilities blessed with public ownership and public money, which would have yielded some $16 million. Later the House took the tax off both. The utterly upright and criticism-free public power lobby has become the greatest opponent of a tax on electric energy—because it knows if the tax stays it will not escape getting nicked, too, and "cheap power" is the prime sales argument of these pure-hearted boys.

* * *

It is doubted here that the automobile industry as a whole will be able to get enough materials to meet the specific production quotas allowed by NPA for July.

* * *

For one of the most readable, profound, and well-rounded discussions of where the Welfare State idea is taking governments, the first 5 pages of a report from Canada is one of the freshest things to be printed on the North American continent.

It is the first part of the "Proceedings of the Standing Committee on Finance on the Expenditures and Estimates," etc., being Report No. 12 of the Senate Committee on Finance, which probably can be obtained from the King's Printer, Ottawa.

The report discusses cogently what the welfare state is contributing to inflation, potential governmental insolvency, and the accumulation of savings. The report even dares to suggest that the demand for bigger and bigger social security builds up an edifice of fixed expenditures which "if dark days should come upon us, our economy could not possibly carry."

* * *

Senate conservatives found a neat way to dispose of the FEPC legislation this year. It was referred to the Judiciary subcommittee of which Senator James O. Eastland is Chairman. There is no more ardent foe of FEPC than Senator Eastland, and the legislation will gather a lot of dust in the next couple of years, unless tacked on as a rider to other legislation on the floor.

* * *

Does Defense Secretary Marshall compliantly mouth official propaganda lines to suit Harry Truman?

One research organization, which must remain anonymous, but whose integrity is unquestioned, tried to find backing for General Marshall's reported assertion that of $35 billion appropriated for defense last year, $7 billion or 20% had been lost because of inflation. This argument was one of the Administration's main "horrible examples" of the need for price control.

This study showed, first, nothing in the way of overall evidence furnished to Congress of inflationary costs amounting to 20%. As far as it could be ascertained, ordnance equipment went up about 10%, the amount of increased wages. Food went up some 13.3% between July 1, 1950, and March 31, 1951. Petroleum products went up, but primarily because of premium payments to marginal producers for aviation gasoline. An average Signal Service increase of 38.5% in "cost" was a "rise" between an engineering cost estimate of articles not in production and their actual production costs, in many cases. Actual appropriations for the Air Force contain no additional allowance for higher costs, total costs having tended to counter some higher unit costs because of volume production.

Among the appropriations for "increased costs" was one due to liberalizing travel regulations for certain military personnel.

Actually, press reports may have given only part of General Marshall's statement. He told a committee that it "is virtually impossible to isolate from other factors (design changes, changing quantities, etc.) the specific effect of price increases, as such, on all Department of Defense purchases." What Marshall did was assume that military costs increased "roughly" the equivalent of the BLS wholesale price index. Actual requests for appropriations this year to counter cost rises have totaled, not $7 billion, but $650 million.

* * *

When the friends of the Administration's defense housing program tacked the defense housing bill on to the 8-month Defense Production Act extension, they thought they pulled a smart move. The House earlier defeated the defense housing bill, has refused so far to consider the Senate bill.

In theory tacking defense housing onto DPA and passing it a second time brings it into conference, and forces the House to consider it on conference as an amendment to DPA. This may work out. On the other hand, if the House insists upon regular procedure, it could lead to a little more fouling up of DPA, and delay.

Incidentally, few people here are taking too seriously the forecast made by Defense Mobilizer Wilson that construction overall, and specifically housing, will be allowed to run in 1952 at a rate equivalent to 80% of 1950. This may be Wilson's present intention. But there are too many imponderables to make this something you can yet plan on in making up production and financing schedules. Not all the doubts are that volume will be maintained at this level. It might go higher.

(This column is intended to reflect the "behind the scene" interpretation from the nation's Capital, and may or may not coincide with the "Chronicle's" own views.)

BUSINESS BUZZ

"Snitzle's Mirror Co.?—Complaint Department, please."

Snyder Reports on Budget Operations For 1951 Fiscal Year

Surplus of $3,510 million compares with deficit of $3,122 million in previous fiscal year. Treasury head foresees 1952 deficit of $10 billion, unless new taxes are added. Debt reduced more than $2 billion.

Secretary of the Treasury Snyder on July 2 announced the budget results for the fiscal year 1951. Budget receipts of the Government amounted to $48,143,000,000, as compared with $37,045,000,000 in the previous year. Expenditures amounted to $44,633,000,000, as compared with $40,167,000,000 in fiscal 1950.

John W. Snyder

The budget surplus for the year, amounting to $3,510,000,000, compares with a deficit of $3,122,000,000 last year. The Secretary stated that he was deeply gratified with the 1951 results, but pointed out that the Federal Government is faced with the prospect of a budget deficit of approximately $10 billion in the year which is just beginning, unless appropriate new taxes are enacted as soon as possible.

Receipts were $3,631,000,000 higher than estimated in the January Budget, while expenditures were $2,578,000,000 lower. A comparison of budget results for the fiscal years 1951 and 1950 is shown below (in millions):

	Fiscal Year 1951	Fiscal Year 1950
Receipts	$48,143	$37,045
Expenditures	44,633	40,167
Surp. (+) or Deficit (—)	+3,510	—3,122

The budget surplus of $3,510,000,000, together with net receipts in trust and miscellaneous accounts of $465,000,000, permitted the Treasury to retire $2,135,000,000 of public debt during the year and to add $1,839,000,000 to the cash balance in anticipation of significant increases in defense expenditures in the near future.

The gross public debt on June 30, 1951, amounted to $255,222,000,000, a reduction of $2,135,000,000 during the year. Marketable debt was reduced $17,351,000,000, of which $13,574,000,000 was accomplished by an exchange of 2½% Treasury Bonds of June and December, 1967-72, for a like amount of non-marketable 2¾% investment series bonds. Non-marketable debt was increased $12,955,000,000, including the effect of this special exchange of offering. Special issues to Government trust funds and investment accounts were increased $2,297,000,000 during the year.

With Daniel F. Rice

(Special to The Financial Chronicle)

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(Special to The Financial Chronicle)

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